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EXPLANATORY NOTE

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L. E. U.

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In this treatise the influences that have produced the freight rate structure in the Southern Territory will be pointed out, and the relationship of rates under this structure, as they are exemplified by existing tariffs, will be shown in their main features. There will also be outlined the basis of rate construction between places in this territory and places beyond the border thereof.

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Taken as a whole, the present-day rate adjustment in the South produces a relationship between places in a given section of the territory and between one section and another. This adjustment is widely divergent from that observed in Central Freight Association and Trunk Line territories, where scales of rates proportionate to distance and a percentage system of relationship (one or the other or both) is practically universally observed. Nor is there any general practice of grouping geographical districts and of applying the same rates to all places in a given district, such as is observed in making rates to Texas territory; in fact, it cannot be said that there is any resemblance between the Southern rate fabric and that in any other section of the country, except a few long-distance adjustments in Western Territory.

2. Competition

(a) *Competition between Water Carriers and Rail Carriers*

By far the most potent of the competitive influences which served to develop the present-day rate system in the South is the water transportation, most of which is available throughout the year. The Atlantic Ocean on the east, the Gulf of Mexico on the south, the great arteries of the Mississippi River on the west, and the Ohio River on the north, together with the numerous smaller navigable streams piercing almost to the center of the territory, all furnish ready means of water transportation, both by regular and tramp lines of boats as well as by boats operated in furtherance of minor and private

FREIGHT RATES
SOUTHERN TERRITORY

ADDISON R. SMITH
Third Vice-President
Louisville & Nashville Railroad

LASALLE EXTENSION UNIVERSITY
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look or forget these interests, because they were identical with those of their patrons.

Moreover, in the development of the rates under the influences just mentioned, there was the strong factor of active railroad competition in its truer meaning. In adjusting their rates to meet fairly the necessities of one market competing with another, there resulted naturally wide differences of opinion between the traffic managers, each seeking to promote the commercial interests of the particular section served by his railroad. Naturally, this caused demands for relative adjustments, to which opposing traffic managers would not agree. All of these things, in the course of time, became settled after numerous and destructive rate wars, mutual concessions and arbitrations. The concessions and arbitrations frequently had to be worked out on lower planes or measures of rates than doubtless would have been the case had any particular railroad or group of railroads been able to dominate the situation.

(c) Effects of Competition

The construction of railroad mileage during the period of the greatest development and settlement of the present-day structure was very rapid—much greater than was justified by the traffic then to be found. The struggle for any business that was being offered was of the keenest, as the very lives of the corporations depended upon getting all of the traffic that could be secured. Such a condition naturally tended against stability of rates and adjustments and lent itself readily to the two factors just spoken of, namely, (1) competition between waterways and railways and (2) competition between markets

and markets or sections and sections. Notwithstanding this, with the exception of a very few, every railroad corporation that existed prior to 1890 had gone through the bankruptcy courts one or more times.

(d) Long-Distance Rates

There were various other factors, important in the direct result but more or less local in their application, which become apparent in a detailed analysis of the present rates, such as the making of a lower rate than what might be termed a normal rate for a considerable haul, to enable a commodity to be marketed against a producer at the destination or much nearer the destination. In the case of the latter, the longer-haul rate is usually less, in proportion to distance or cost of handling, than the shorter rate. There is also the competition of one commodity with another that is of a similar nature. Numerous other examples of the kind might be cited.

(e) Competition with Northern Railroads

Another condition which had a strong bearing in determining the level of rates between points where the influence extended, was the strong trunk line railroads running between the East and West along the northern boundary of this territory and furnishing transportation at rates much below the level of those maintained in practically every other section of the country.[2]

[2] Chesapeake & Ohio Railway, Pennsylvania Railroad, Baltimore & Ohio Railroad, and Norfolk and Western Railway.

(f) Effects of Rate-Cutting

While, in the past, rate-cutting prevailed to some extent in the South, it was far less comprehensive than in other sections of the country. As a rule, it was confined to certain commodities and did not affect many places at a time; rarely did a railroad cut the rates on all of its competitive traffic. While such rate-cutting had an important effect on the business of other lines at the time, still the volume of the traffic affected, as compared with the total, was always small. The rate wars mentioned, or rate-cutting, have had their effect upon the rate structure of the South, but such effect has not been material, as compared with the other influences, in making the level of the rates lower in any particular section or between any places than it might otherwise have been.

3. Measure of Rates

A word may be said with respect to the measure of the rates applying throughout the Southern Territory, both for local and competitive hauls and for the long as well as short distances. These rates, in comparison with those existing in Central Freight Association and Trunk Line territories and between those territories, appear very high. For similar distances, however, in the various sections west of the Mississippi River and particularly west of the Missouri River, the comparison is much more favorable to the lines in the South. The Southern railroads claim that, taken as a whole and considering the operating conditions and volume of traffic, the rates compare very favorably with those in any section of the country, including the North and East. An examination of

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CHAPTER II

TERRITORIAL DESCRIPTIONS

To facilitate a clearer understanding of succeeding statements, the following definitions and descriptions, which are commonly employed by Southern railroads in the technical work of rate construction and which more or less frequently appear in their tariffs, are given:

1. Ohio River Crossings

The Ohio River Crossings are cities through which the traffic of the North and West passes to and from the South, viz: Cincinnati, O., Covington, Newport, Louisville, Henderson, Paducah, and Columbus, Ky., Jeffersonville, New Albany, and Evansville, Ind., Brookport, Cairo, and Thebes, Ill., and Belmont, Mo. Most of these cities are located on the Ohio River. Thebes, Belmont, and Columbus, however, are, in fact, on the Mississippi River, but being in the geographical district of Cairo they take the same rates and are included in the category of the Ohio River Crossings.

2. Mississippi River Crossings

Mississippi River Crossings are St. Louis, Mo., St. Louis, Ill., Memphis, Tenn., Greenville and

Vicksburg, Miss., and New Orleans, La. The latter city is also classed as a Gulf port.

3. Eastern Cities

The Eastern Cities, so-called, are Boston, Mass., Providence, R. I., New York, N. Y., Philadelphia, Pa., and Baltimore, Md.

4. Seaboard Territory

Seaboard Territory generally embraces all points on and east of a line beginning at Toronto, Ont.; thence via the shore of Lake Ontario, Hamilton to Niagara; thence via Niagara River, including both banks of said river to Buffalo; thence via an imaginary line through Oil City, Pa., to Pittsburgh, Pa.; thence to Wheeling, W. Va.; thence via an imaginary line through Charleston, W. Va., to Bristol, Tenn.; and thence eastward via the southern boundary of the state of Virginia to the Atlantic Ocean. On certain traffic this territory does not include the Western Termini points.

5. South Atlantic Ports

The South Atlantic Ports are Charleston, Beaufort, and Port Royal, S. C., Savannah and Brunswick, Ga., and Jacksonville and Fernandina, Fla.

6. Gulf Ports

The principal Gulf ports are New Orleans, La., Gulfport, Miss., Mobile, Ala., and Pensacola, Apalachicola, Tampa, and Key West, Fla.

(New Orleans is on the Mississippi River about 100 miles from its mouth. It is, however, near the head of navigation for deep-sea vessels and is ordinarily classed as a Gulf port as well as, as is indicated above, a Mississippi River Crossing.)

7. Potomac Gateways

The Potomac Gateways are Alexandria, Va., Hagerstown, Md., Potomac Yards, Va., Shenandoah Junction, W. Va., Strasburg Junction, Va., and Washington, D. C.

8. Virginia Cities

The Virginia Cities, so-called, are Basic, Bothwell, Burkeville, Charlottesville, Clifton Forge, Gordonsville, Hampton, Lexington, Lynchburg, Newport News, Norfolk, Orange, Petersburg, Phoebus, Portsmouth, Richmond, Roanoke, Staunton, Suffolk, and Waynesboro, Va.

9. Southeastern Territory

The Southeastern Territory, as that term is technically used in rate construction, is that great section lying east of the main line of the Mobile & Ohio Railroad from Corinth, Miss., to Mobile, Ala., and on and south of the Memphis Division of the Southern Railway from Corinth, Miss., to Chattanooga, Tenn., and on and south of a line drawn from Chattanooga, Tenn., through Cleveland, Tenn., Murphy, N. C., and Walhalla, Greenwood, and Columbia, S. C., to Wilmington, N. C. (The term "Southeastern Territory" is often used to refer to what is the proper geographical description of a sec-

tion of the United States—that is, the whole of the territory under discussion lying south of the Ohio and Potomac rivers and east of the Mississippi River. Such reference is improper when dealing with what is termed "the Southeastern rate adjustment.")

For rate-making purposes the carriers interested make a technical sub-division of this territory into two groups, namely, "Atlanta Sub-Territory" and "Montgomery Sub-Territory." The peculiar distinction is only in that to the Montgomery Sub-Territory the rates from Cincinnati and points taking same rates are higher than from Louisville and Ohio River Crossings below, whereas to Atlanta Sub-Territory the rates from all of the Ohio River Crossings are the same.

10. Carolina Territory

The Carolina Territory includes territory within the following described boundaries:

(1) On, north, and east of the line from Wilmington, N. C. (including Wilmington), via W. C. & A. Division of the Atlantic Coast Line, to Columbia, S. C.; thence via the Southern Railway and Blue Ridge Railroad through Alston, Newberry, Greenwood, Abbeville, Belton, Anderson, and Seneca, S. C., to Walhalla, S. C.; thence via an imaginary line from Walhalla through Murphy, N. C., to Cleveland, Tenn. (including Cleveland); and thence via the Southern Railway from Cleveland to Chattanooga, Tenn. (not including Chattanooga).

(2) On, east, and south of a line drawn from Cleveland, Tenn., via the Southern Railway through Athens and Knoxville to Bristol (including Bristol and including also points on the K. & O. Division of the Southern

Railway between Knoxville and Jellico, not including Jellico); and thence via a line drawn just south of the main line of the Norfolk and Western Railway, from Bristol, Tenn., to a point just south of Norfolk, Va.

11. Mississippi Valley Territory

The Mississippi Valley Territory includes territory within the following described boundaries:

(1) On and east of the east bank of the Mississippi River south of Cairo (but including Helena, Ark., and Vidalia, La., on the west bank).

(2) South of the Ohio River from Cairo to Paducah (not including Cairo or any point on the Ohio River).

(3) On and west of the line from Paducah, Ky. (not including Paducah), via the M. & P. Division of the Nashville, Chattanooga & St. Louis Railway to Paris, Tenn.; thence via the Louisville & Nashville Railroad through McKenzie to Milan, Tenn.; thence via the Illinois Central Railroad to Jackson, Tenn.; and thence via the Mobile & Ohio Railroad through Meridian, Miss., to Mobile, Ala. (including Aberdeen and Columbus, Miss.).

12. Kentucky-Tennessee Territory

The boundaries of the Kentucky-Tennessee Territory are as follows: On the east by the lines of the Louisville & Nashville Railroad in Kentucky and the Southern Railway in Tennessee; on the south by the northern boundary of Southeastern Territory; on the west by the eastern boundary of Mississippi Valley Territory; and on the north by the Ohio River.

A distinction is made between territories created as the result of the organization of interested carriers into freight associations and those territories which represent the arrangement of areas into geographical units for the purpose of making rate adjustments only. The four territories which we have bounded above have been created primarily for purposes of rate-making. However, in the territory south of the Ohio and Potomac rivers and east of the Mississippi there are three important freight associations: The Southeastern Mississippi Valley Association, the Southeastern Freight Association, and the Associated Railways of Virginia and Carolina. The territory served by these three associations is shown in the Atlas of Railway Traffic Maps, Map 15.

[illegible] Mississippi River. These were [illegible] that they were [illegible] of considerable area in [illegible] trade centers up the [illegible] Mississippi rivers, such as [illegible], Tenn.

[illegible] was great rivalry between these [illegible] in reaching the interior distrib[illegible] Savannah, Ga., distributed her mer[illegible] in competition with Charleston, [illegible] Ga. All of them reached as far as the [illegible] overcoming natural disadvantages as best the [illegible] Charleston reached west of the Savannah [illegible] all overland routes against Savannah's advantage of a port water route. Originally, these places in the interior were more on the order of trading posts than distributing centers, in the modern sense of the word, but as their trade grew they not only continued to deal with the dominating centers along the seaboard, but reached out past them to secure their supplies directly from primary markets. Thus, gradually, the[illegible] directly into competition with the more favor[illegible] places which had theretofore dominated

their trade. In time, for example, Augusta, Ga., which originally was in a great degree dependent on Savannah and Charleston, became a competitor, as well as a patron, of those places. It takes little imagination to realize how, even prior to railroad construction, these coastal and interior towns declined to remain content with the trade each in its immediate section, but, reaching out, struggled for that of the other.

In 1830, in addition to the markets and trade distributing centers referred to, there were others of less importance doing a greater or less distributing business in the sections tributary to them, respectively. Such centers were Milledgeville, Ga., at the head of navigation on the Oconee River; Eufaula, Ala., and Fort Gaines, Ga., on the Chattahoochee River; Rome, Ga., on the Coosa River; Selma, Ala., on the Alabama River; Chattanooga and Knoxville, Tenn., on the Tennessee River; Frankfort, Ky., on the Kentucky River; and Bowling Green, Ky., on the Barren River. There were, too, trading posts advantageously located, usually in some section that was settling up and on routes which offered comparatively easy means of transportation.

(b) Construction of Railroads

The earlier railroad construction was all determined upon to enable the market points to reach into a developing territory to compete therein more successfully with other places having greater natural advantages. The construction, naturally, was to connect places which had trade and which afforded traffic at the outset. Thus we witness Charleston, S. C., promoting a railroad to Hamburg, S C. (immediately across the river from

Augusta, Ga.), to enable it to divert from Savannah a greater share of the business done at and through Augusta; this railroad, which was the third in the United States, and, at the time, the longest in the world, was completed in 1833.

Of course, having the advantage of an easy use of a natural highway to Augusta, Ga., the people of Savannah devoted their energies rather to removing their own disadvantage, and, in 1833, began the construction of a railroad from Savannah to Macon, enabling them to compete on more equal terms with those who were using the Altamaha and Ocmulgee rivers; this line was completed in 1845.

The success of the earlier railroads constructed, both in this country and in Europe, turned the attention of the people in the Southern States to the development of artificial highways. In the first instance, as has been indicated, the construction of railways was in every case undertaken for the purpose of reaching some navigable river within or near the borders of a single state, of connecting navigable rivers, of connecting places on different navigable rivers, or of building from the river towns into the interior. While the beginning of railroad planning dated from 1828, it was not until 1836 that the daring suggestion of a possibility of constructing great trunk lines across the territory of the several states was entertained in the South. It was many years, however, before any line that even approached the modern meaning of the term "trunk line" was actually constructed.

In 1834 the state of Georgia commenced the construction of a railroad from the Tennessee River at Chattanooga, Tenn., which was to form a connection near

Decatur, Ga., with a railroad which was building westward from Augusta, Ga., to meet it; the meeting point of these two railroads is now the city of Atlanta, Ga. About the time these were completed, the people at Savannah and Macon, Ga., extended their road also to form a connection with the two just mentioned. The idea in this construction was to enable western products to be drawn up the Tennessee River for distribution by rail, and thus avoid the more tedious and expensive transportation of such via the Atlantic seaboard or down the Mississippi River, and also to distribute the products of the North Atlantic seaboard and Europe into northern Alabama, Georgia, Tennessee, and Kentucky as against the older route down the Ohio River from Pittsburgh, Pa. This project was aided by the completion in 1844 of the 43-mile railroad from Tuscumbia, Ala., to Decatur, Ala., around the Mussel Shoals in the Tennessee River, which were an obstruction, except at certain seasons, to successful navigation of the Tennessee River as far as Chattanooga. About 1852 a road was completed between Nashville and Chattanooga, Tenn., thus affording still more easy means of transportation of western products by combined water and rail routes into the Southeast. Practically at the same time, a railroad was completed northeastwardly from Montgomery, at the head of navigation on the Alabama River, and when completed to Atlanta, afforded a more successful means of transportation from the lower Mississippi Valley into Georgia and the Carolinas than theretofore existed around Florida. About the same time was constructed a railroad from Knoxville, Tenn., at the head of navigation on the Tennessee River, to Bristol, Tenn., and railroads radiating northwestwardly from Columbia, S. C., gave that place the com-

mand of the trade in northern and western South Carolina and the southern and western portions of North Carolina.

(c) Early Tariffs

In the beginning, the railroads planned their tariffs a good deal like those they found being used by the steamboats; that is, some rates were made per package or per article, and others on a weight basis; but the rail lines, recognizing that they could not exist on the actual water charges per unit of distance, measured their figures on a materially higher plane. We find, however, at the beginning, the railroads were compelled to lower their tariffs considerably between the points of actual competition with the water carriers. Thus began the first variation from the present-day long-and-short-haul principle as embodied in the Fourth Section of the Interstate Commerce Act. In his annual report to the stockholders for the year 1844, President Cuyler, of the Central of Georgia Railway, bewailed the fact that he was forced to make material reductions in his rates between Savannah and Macon on account of the very active boat competition, and he further deplored the fact that the shippers at intermediate points had made complaints because he had made these reduced rates between Savannah and Macon without reducing the rates between Savannah and intermediate points. It is evident that President Cuyler felt very keenly the injustice of these complaints, and in his report he set forth the reason and justification for his course, from which is quoted the following:

The subject of rates for freight has engaged the earnest

attention of the Board of Directors, and during the past week it was determined that the rate should be reduced on the main body of articles transported, generally 25 per cent.

I submit to you a table of these new rates, and beg leave to offer a few remarks on this point. It cannot have escaped your observation that complaints have been made in relation to the proportion which way freights—freights to intermediate stations, bear at times to the through rates. At Macon and Savannah, the termini of our road, there has been strong competition in the transportation business. The experience of the past winter has proven the necessity of reducing the through rates of freight to a very low point when navigation was good.

When the road shall, by reason of low river, be the only means of conveyance to Macon, the rates can be carried to the maximum point indicated in the table for up goods, and to a profitable standard for cotton.

This sliding scale of rates, at the termini of the road, is imposed on the company as a matter of necessity. In establishing the way rates, which are intended to be permanent, we have sought to carry goods and produce, for the planter or trader, at a rate below any other means of conveyance to and from his door; thus making it his interest to use our road. If, in the experience of the company, hereafter, it shall be found that goods and produce can be transported with fair profits, at a rate still lower than the now established rate, then sound policy will dictate the propriety of coming down, in the reasonable expectation that there will be an increase of business. You will perceive that the freights on salt, bar iron, and agricultural implements have been reduced in greater proportion than on any other goods which go by weight.

The idea that injustice is done to the traders and planters of the intermediate country, when we reduce our through rates without a corresponding reduction of way rates, is fallacious. The necessity imposed on us by nature in the one case does not exist in the other, and it should not be forgotten that if, on a very low scale to Macon, there should be a corresponding fall in rates through the whole line, the rates would not pay us for the expense of transportation, and then, as no work of

this kind can ever succeed and be permanent without profit to the stockholders, the traders and planters of the interior might lose what they now have—a cheap means of transportation. The Board of Directors seeks to have the freights so high as to be profitable to the stockholders, and so low as to make it the obvious interest of the public to give the road their business, and it believes that the present table of rates is established on that basis. It should be borne in mind, moreover, that the operations of a road so extended as this—its effect upon the country to which it is tributary, and the effect of that country upon the road itself—are matters not to be known intuitively, but to be learned by nice observation and through experience. We are even yet in our infancy, but progressing I trust to that state in which the invitations of sound knowledge, heartily welcomed, will lead not only to our own success, but also to the public.

In the same way, we find that the South Carolina Railroad early found that the merchants at Charleston, S. C., could not compete at Augusta, Ga., against the cheaper transportation afforded the Savannah merchants in shipping to Augusta, unless it materially reduced its tariff between Charleston and Augusta. The records show a great number of instances, prior to the beginning of the active construction of the existing rate fabric, where, to meet competition—principally water competition—single lines made reductions of considerable amounts in their distance or local tariffs between the places of active competition, but there are no instances where, at that time, two or more lines made any joint rates below the combination of their several rates, either because of competition or other conditions.

As a matter of fact, with the beginning of the operation of these railways and continuing with few exceptions until the renewal of railroad activities following the Civil

War, joint transportation charges over two or more lines were made by adding the separate charges of the carriers involved. If a shipment was made from New York, via Charleston, to some point on the Charleston Railroad, the boat line bringing the freight to Charleston exacted its rate thereto the same as it assessed on business to Charleston proper, and the railroad carrying the freight from Charleston to destination exacted its local rate from Charleston; thus Charleston became a basing point for rates from New York and other places, through Charleston, to destinations between Charleston and Augusta, as well as to Augusta. If a shipment was made from Charleston to a point on the Georgia Railroad between Augusta and Atlanta, each line exacted its full local charges for the carriage of the freight; thus, Augusta became a basing point for rates to points between Augusta and Atlanta. In like manner, Atlanta, being a point for interchange of freight between the Georgia Railroad and the Western & Atlantic Railroad, became a basing point for rates on freight from points east thereof to destinations west. These examples in number were equal to the number of terminal points of the railroads in operation.

(d) Joint Rates and Through Routes

While there was some recognition given to the commercial necessities and best interests of the interested carriers in the making of joint rates for the purpose of developing traffic or of enabling it to move from a place or section which was not, at the time, a factor in a given trade, the expediency and wisdom of such action was not fully recognized until following the Civil War, which marked the real beginning of joint rates and through

routes, which were made to meet the circumstances and conditions that might be found at each destination, or those of a particular line of traffic. It was during the period from 1868 to 1890 that the Southern rate fabric, as it now stands, may be said to have been completely constructed. This statement does not mean that the figures as they were made during this period have necessarily been continued. There have been many changes, both in the figures and by the substitution of lower relative rates to many destinations which, during that period, were not considered basing points, but which are now handled as such.

At the beginning of this period, as has been stated, railroad managers began to recognize that the interests of the places and sections served by them and the interests of their railroads were mutual, and that these interests could be better advanced by getting away from their old idea that each road was a local entity and by making such rates as would be necessary to induce the opening of all possible avenues of trade at rates necessary to move the traffic, each carrier securing the greatest share possible at the most favorable rates. It was recognized that at a local station all that was necessary was a system of through rates, but that it was not necessary for the terminal line to abate its charges, for the traffic would move in the greatest possible volume to that local station on the basis of local rates, insofar as the terminal line was concerned. If, however, the Western & Atlantic Railroad, being interested in the traffic from the West to Atlanta, but not from the South Atlantic Coast or from the East thereto, desired to participate in traffic being drawn by Atlanta, it had to be careful to see that its own rates and connections from the West to Atlanta were

properly adjusted as against the rates from other sources of supply. Similarly did the Georgia Railroad, which had no interest in the movement of business from the West to Atlanta, but only from the East or from the coast points, have to watch to see that there were no rate inequalities which would prevent it from handling its share of Atlanta's traffic. When it came to Augusta's business, the situation as to the Georgia Railroad was reversed; that is, its interest lay in the movement of business from the West and not from the East. The merchants at Atlanta and Augusta, being interested in securing the widest possible range of markets of supply, brought every possible influence to bear to secure, not what was a proper equality in their respective rates, but to get all the advantages they could, each over the other and over other competing towns. While at a local station on the Georgia Railroad midway between Atlanta and Augusta traffic could and did successfully move on the basis of the local charges of the Georgia Railroad, from either Atlanta or Augusta, as the case might be, plus the lowest rates that could be secured up to Atlanta or Augusta, there was no incentive for the Georgia Railroad to make any reductions.

Naturally, the keenness of the competition between the sources of supply, coupled with the jealous activities of the interested carriers, brought about very low rates from the West to Augusta, producing from the West very little higher rates than to Atlanta. In the reverse direction, Augusta's rates naturally were somewhat lower than those to Atlanta, but the differences represented very materially lower figures than the local rates between the two places.

2. Common Points and Basing Points

(a) *Description*

Terms used in describing places in the South which have these competitive adjustments are "common points" and "basing points"; often these terms are employed interchangeably.

Literally, a common point is a place served by two or more common carriers—rail or water, or both. In most cases the rates for other than shorter hauls to these places are below either the sums of the rates of the individual carriers forming through routes or the local scales of a single line; frequently even the shorter-haul rates are similarly lower than such maximums, due principally to the working of relative adjustments between points of origin. There is, however, to be found a considerable number of junction points, the rates to which from various points of origin are made on a combination or local tariff basis or reach figures approximating such bases. A common point is not necessarily a basing point, as there are junctions the rates to which are not sufficiently low, as compared with those to other junctions in the same section, to figure in making total rates to adjacent local stations.

A basing point is literally a place on which through rates to other points are calculated either on a combination or a differential basis; the rates to the basing points, for other than the shortest or local hauls, are invariably less than the sums of the rates of each interested line, where the transportation is over two or more lines, or the local scales of a single line; and, as is apparent from previous statements, there are no basing points

except at the intersection of railroads, of water routes, or of a railroad and a navigable body of water.

To other than the common points, through rates are made by the addition of the local rates of the terminal line to the rates to the adjacent basing points on such line, the resulting lowest combination being the figure employed. There are variations from this principle of constructing rates to the non-competitive destinations: (1) A line having a single haul does not exceed, in any case, its tariffs of distance or local rates; and (2) from the East to a considerable portion of the Carolina territory, and both from the East and the West to a certain portion of South Georgia, through rates are made on differentials higher than to the adjacent basing points, which, of course, serve to produce lower through rates than would exist by the application of the lowest combination principle.

(*b*) *Lists of Common and Basing Points*

The basing points in the South may be separated into two classes—those that are so-called natural basing points, and those created by the operation of conditions among the railroads themselves. The first, as will readily be understood, are those such as Augusta and Macon, Ga., Montgomery, Ala., Nashville, Tenn., and the like, which were basing points prior to the existence of the railroads, due to the availability of water navigation. In these cases, transportation charges from the sources of supply to points beyond the basing points were made by the addition of the water transportation charges thereto, to the wagoning or packing charges beyond. The artificial basing points—if such a term may be properly em-

ployed—are places such as Atlanta, Ga., Birmingham, Ala., and Meridian, Miss., where the competition as between the railroads gradually brought about lessening relative rates as compared with other places in the immediate territory.

At the present time the basing points employed in the southeastern rate construction are as follows:

(a) Natural Basing Points

Albany	Ga.	Fort Gaines	Ga.
Apalachicola	Fla.	Gadsden	Ala.
Attalla	Ala.	Hawkinsville	Ga.
Augusta	Ga.	Jacksonville	Fla.
Bainbridge	Ga.	Knoxville	Tenn.
Beaufort	S. C.	Macon	Ga.
Brunswick	Ga.	Milledgeville	Ga.
Charleston	S. C.	Montgomery	Ala.
Chattanooga	Tenn.	Palatka	Fla.
Columbia	S. C.	River Junction	Fla.
Columbia	Ala.	Rome	Ga.
Columbus	Ga.	Savannah	Ga.
Demopolis	Ala.	Selma	Ala.
Dublin	Ga.		

(b) Artificial Basing Points

Americus	Ga.	Fitzgerald	Ga.
Anniston	Ala.	Fort Valley	Ga.
Athens	Ga.	Gainesville	Ga.
Atlanta	Ga.	Greenville	Fla.
Athens	Tenn.	Harriman	Tenn.
Barclay	Ala.	Jacksonville	Ala.
Bessemer	Ala.	Johnson City	Tenn.
Birmingham	Ala.	Jellico	Tenn.
Bristol	Tenn.	La Grange	Ga.
Calera	Ala.	Montezuma	Ga.
Cartersville	Ga.	Moultrie	Ga.
Cedartown	Ga.	Newnan	Ga.
Cordele	Ga.	Newport	Tenn.
Dalton	Ga.	Opelika	Ala.
Dawson	Ga.	Piedmont	Ala.

Pitts	Ga.	Vienna	Ga.
Quitman	Ga.	Washington	Ga.
Roanoke	Ala.	Waycross	Ga.
Tallahassee	Fla.	Wellington	Ala.
Thomasville	Ga.	West Point	Ga.
Tifton	Ga.	Worth	Ga.
Valdosta	Ga.		

Those used in constructing rates to destinations in Carolina territory are:

Athens	Ga.	Norfolk	Va.
Atlanta	Ga.	Paint Rock	N. C.
Augusta	Ga.	Petersburg	Va.
Burkeville	Va.	Richmond	Va.
Charleston	S. C.	Roanoke	Va.
Columbia	S. C.	St. Paul	Va.
Johnson City	Tenn.	Suffolk	Va.
Kilby	Va.		

Those used in making of through rates to points in the Mississippi Valley Territory are:

Aberdeen	Miss.	Martin	Tenn.
Brookhaven	Miss.	Memphis	Tenn.
Columbus	Miss.	Meridian	Miss.
Corinth	Miss.	Milan	Tenn.
Ellisville	Miss.	Mobile	Ala.
Gibbs	Tenn.	Natchez	Miss.
Grand Junction	Tenn.	New Albany	Miss.
Greenville	Miss.	New Orleans	La.
Greenwood	Miss.	Newton	Miss.
Gulfport	Miss.	Paris	Tenn.
Hattiesburg	Miss.	Rivers	Tenn.
Holly Springs	Miss.	Starkville	Miss.
Humboldt	Tenn.	Tupelo	Miss.
Jackson	Miss.	Union City	Tenn.
Jackson	Tenn.	Vicksburg	Miss.
Laurel	Miss.	West Point	Miss.
Lamberton	Miss.	Winona	Miss.
McKenzie	Tenn.	Yazoo City	Miss.

primarily, of a particular line of railroad reaching them. Such self-serving is in reality a form of railroad competition. In most instances, however, the accession of each town to the dignity of a common point was through force of circumstances quite beyond the control of any individual railroad; there was invariably some form of compelling competition to be found at these places which brought about the competition in rate-making. In some instances, the strength of these compulsory conditions has not increased, hence the relationship of rates of those places with the rates of others has not substantially altered. In other instances, added forces have brought the rates to the particular places affected to a lower relative plane, as compared with competing centers, than previously existed.

It has been said that the real beginning of the present-day rate fabric was only a little over forty years ago. It will be interesting, in this connection, to give some study to the appended map showing the railroad lines that were in existence in the Southern States in 1870, and which shows also the principal inland navigable waters. By comparing this map with the latest one, the tremendous increase in the railroad mileage will be apparent, as will also the increase in the number of common points which are the principal jobbing points today.

We have now gone over the various elements which have been in control of the rate-making to these places, but for the purpose of illustrating how the more important basing points procured their position as such, these will be briefly touched on again.

3. Competition in Rate-Making

The following factors [illegible]

[illegible] the new route [illegible]

strength. The result was the

primarily, of a particular line of railroad reaching them. Such self-serving is in reality a form of railroad compe-

the accession of

3. Competition in Rate-Making

The following factors in rate-making in Southern Territory are the most important, and they will be treated individually.

(a) Direct competition of rival routes.

(b) Furtherance of an individual carrier's direct interest.

(c) Competition between the different markets.

(d) Competition between the southern common and competitive points.

(e) Direct water competition.

(f) Indirect water competition.

(g) Legal requirements.

It will be noted that, with the exception of the last one, these factors have been in effect to some extent from the time that traffic began to develop in this territory. The Interstate Commerce Law has introduced a very important factor that in many cases modified the other factors.

(*a*) *Direct Competition of Rival Routes*

The direct competition of rival routes from the same points or adjacent sections of origin to the same destinations is illustrated by those instances where some one terminal line has independently established a lower scale of rates than theretofore existed, and other roads reaching these towns have been compelled to apply the same rates or lose the traffic. When the line of what is now the Seaboard Air Line between Montgomery and Savannah was completed to a point near Savannah, there existed along the new route no place of commercial strength. The result was that on inbound business the

railroad enjoyed but a single local haul from Savannah at the one end or from Montgomery at the other, each of which drew its supplies from original sources over rival lines. After inducing one of its connections from the Ohio River to establish a competitive basis of division of rates to Americus, it enjoyed an inbound as well as an outbound haul; the other Americus railroad was forced to lower its rates to avoid loss of traffic. The town of Opelika, struggling to increase the scope of its trade against Columbus, Atlanta, and Montgomery, brought pressure to bear upon its lines, as a result of which one of the lines reduced the rates from the Ohio River to the Columbus basis; the rival line necessarily had to meet the new adjustment. A further example is seen in the rates from Eastern Cities to LaGrange, Ga.; enterprise at this place had developed some jobbing business, but it was meeting with difficulty in competing with Atlanta, Opelika, Macon, etc. The merchants were able to induce the Atlanta, Birmingham & Atlantic Railroad to level its rates from New York, in connection with a steamer line which the railroad controlled, to the same as were in effect to Atlanta. This gave the Atlanta, Birmingham & Atlantic Railroad an opportunity to share in the traffic for distribution, which would otherwise have been handled to one of the three cities named.

The completion of the Gulf & Ship Island Railroad forced a reduction in the rates to and from Gulfport, Miss., to an equal basis with New Orleans, thus giving Gulfport an opportunity to job in the territory theretofore supplied by the other two cities named and by Jackson and Meridian, Miss.; to share in the traffic, other lines had to meet the new rates. The some consideration brought about the adjustments to Dawson, Cartersville,

Cedartown, Athens, and Newnan, Ga., as well as to some of the other basing points.

(*b*) *Furtherance of an Individual Carrier's Direct Interest*

It is difficult to separate this element from the one immediately before referred to, for, inevitably, in the examples just given, there is the development of the direct interest of the carrier inaugurating the change, but in the cases of each of the towns referred to the object was to create a jobbing business where none or very little had previously existed. Under this second head are given examples of readjustments to places which had, at the time of such changes, an established jobbing business under competitive rates, and it is difficult to see that the scope of influence of the places affected was materially increased.

Prior to the construction of the Kansas City, Memphis & Birmingham Railroad from Memphis, Tenn., to Birmingham, Ala., the rates between those places were substantially the same as between Memphis and Montgomery, Ala. The new railroad immediately reduced the rates to place Birmingham on a lower plane as compared with Montgomery, and on a better relative plane as compared with Chattanooga. While the adjustment to New Orleans from the Central West was fixed by water competition, which did not exist in nearly so great a degree at Mobile, the Mobile & Ohio Railroad, to the extent of its ability to control the adjustment, forced a reduction to Mobile to the New Orleans basis. Prior to that time the rates at Mobile, as at New Orleans, had been measured by the force of conditions found at that point. What has

just been said in the case of Mobile may also be said of Pensacola, Fla., which the Louisville and Nashville Railroad subsequently placed on the Mobile basis.

(c) *Competition Between Different Markets*

The competition between the different markets of sale, production, or concentration, in the East, North, and West is keen, and the various competing carriers serving these rival markets are all engaged in continuous strife to further the sale and secure the transportation of goods to the common Southern markets. The principal example of the effect of this kind of competition will be seen in the future statement of relative adjustment of rates from Ohio and Mississippi river crossings and from the East to certain portions of the Southern Territory, more particularly the Southeast. The jealousy of the particular lines and groups of lines of disturbances of rate conditions under this relationship which has hardened into concrete shape, is such that it is almost a certainty that should a rate from the East on a certain article of common production in the East and the West be changed to any destination in the Southeast, it will be followed by a corresponding reduction in the rates from the Ohio River, and vice versa. Similarly, has the rate relationship between the Southern common points become so fixed that a rate from the East or West, or both, to a single destination, cannot be reduced except there follows a readjustment to include the other cities. Similarly, are the rates from any one of the Ohio River Crossings hinged upon the others and from the Mississippi River Crossings upon those from the Ohio River. Changes from the Mississippi River affect the Gulf ports. The adjust-

ment from the South Atlantic ports has a great degree of relationship with the rates from Eastern Cities and Virginia Cities and the Gulf ports. The rates from the Virginia cities are forced down with every reduction from Eastern Cities. This relationship does not stop at the border of the territory, however, as changes from the border frequently are followed by reductions between the interior cities, and invariably so when the commodity affected is of more or less common production. If the Illinois Central Railroad lowers the plane of rates from Cairo and St. Louis to junction points on its line in the Mississippi Valley, the lines leading from other Ohio River Crossings, from Nashville, Chattanooga, Birmingham, Atlanta, etc., protect the interests served by them by making corresponding reductions. This form of competition has been one of the main factors in determining the measure of rates that exist at every common point in the Southern Territory. Water competition may have been the factor in establishing the rates to a given point from some one or more points of origin, but the rivalry of other markets with the market so favorably situated has brought this other factor into play.

(*d*) *Competition Between Southern Common and Competitive Points*

The competition between the Southern common and competitive points for the trade of the intermediate local territory in connection with the different carriers reaching and serving these common points is an element which has joined with the previous ones in determining the measure of rates to each of the contiguous cities and includes a good deal of the factor of individual railroad

interest described above. While so involved, it nevertheless arises from the demands of the particular cities affected and their ability to enforce their demands by one means or another. There is a constant pressure from every city to procure as low relative rates as it can make the railroads serving it yield—at least as low as its rival cities, but, if possible, such as will give it an advantage over its rivals. This pressure is reflected in nearly every basing-point adjustment. In 1904-5 the city of Atlanta undertook to force a lower plane of rates from the Ohio River as compared with the rates to Birmingham. It was able to secure some lowering in the level, but not to the extent demanded. Birmingham, at the present time, is demanding a certain lowering of its level of rates as compared with those to Atlanta. The individual interests of a single carrier are not nearly so extensive as to be wholly within this factor, for the simple reason that most of the carriers have many communities to serve and they cannot, under the existing law, in their own interest develop, by an unfair lowering of rates, a given place served by them, while ignoring the demands of the various other places served by them.

(e) *Direct Water Competition*

The elements dealt with in the preceding paragraphs are not at all unique; they are existent in all of the rate structures throughout the United States. Nor is the one of water competition peculiar to the South, but, in this territory, it is the fixed and guiding factor upon which was founded the entire rate structure. Direct water competition enters into some of the adjustments only, but it is reflected throughout practically the whole of them, and

in their final analysis we inevitably return to water competition between some two places as determining the measure of the rail rates between other places.

The water-and-rail rates from Eastern Cities to Augusta approximate the combined water rates via Savannah and the Savannah River, when insurance, transfer costs, difference in the value of service, and other incidents of the water rates are considered. The through water-and-rail rates from the East to Atlanta were originally about equivalent to the combination of water rates to Savannah, plus the Georgia Commission's rates thence to destination. The through water-and-rail rates from the East to Macon were made taking into account the water rates available via the Altamaha River, and similarly were the direct water-and-rail rates from the East to all points on these inland waterways made. To the interior points the direct water-and-rail rates may not exceed the combination of the vessel rates to the ports, plus the established rail rates to destination. It may be said here in passing, that the long-and-short-haul principle has no standing in the administration of railroad rates by the commissions either of Georgia or Alabama, both of which frequently make rates between common points lower than to intermediate points.

Water competition having measured the rates, the other elements which have been referred to come into play. The all-rail rates from the East must necessarily be restricted to comparatively small differences (representing value of service) higher than the direct water-and-rail-route rates. If the western markets are to do a share of the business at those basing points whose rates from eastern markets have been fixed by the water routes,

they must be adjusted on a correspondingly low plane. If Atlanta is to do a share of the trade as against Augusta, her rates from the East must not be materially higher than the corresponding ones to Augusta, and the rates from the West must not be too great as compared with those from the East. A railroad serving Birmingham, but not Atlanta, has its interests necessarily centered in Birmingham and feels obligated to do all it can to further Birmingham's trade as against Atlanta's.

It has been previously shown how the rates at the Coast and Gulf cities and on the navigable waterways leading from these cities have been fixed, so far as the rates from the East are concerned, by the direct water competition. It will be interesting to note some of the instances where the same force has worked between inland cities served by navigable rivers. The main element fixing rates between points on the Mississippi River was, of course, the boat service on that river, although other influences helped to fix the measure of some of the rates. In the adjustment from St. Louis to cities south of Memphis, including New Orleans, reached by the rail lines, we have an evidence of the custom of the river carriers in grouping a long stretch of territory under one line of rates, reflected in the rail adjustment, where rates from St. Louis to New Orleans were applied to each of the cities south of Memphis (a stretch of several hundred miles); the adjustment illustrates the fact that water competition controls, whether the place of destination is or is not reached by some other railroad, for the rates to Friars Point and Rosedale, Miss., local stations on the Yazoo & Mississippi Valley Railroad, are precisely the same as those to Greenville, Vicksburg, and New Orleans, which are common points. There is a further illustration of this

instance of water control in the fact that the river interests break their rate-grouping at Memphis, so that the rates to that place are materially less than to Friars Point, 70 miles south, although the rates to Friars Point are the same as to New Orleans, which is over 400 miles south of it. In the meeting of direct water competition, a railroad can be no respecter of distances.

Water competition on the Cumberland River fixed the measure of the rail rates between Evansville and Henderson on the one hand and Nashville and Clarksville on the other, on the Ohio and Kentucky rivers between Louisville and Frankfort, on the Green and Barren rivers between Bowling Green and Evansville, on the Tennessee River between Paducah and Florence, Sheffield, Tuscumbia, Decatur, Chattanooga, and Knoxville; in fact, in all cases where two places are on any connected stretch of navigable river and also on a railroad. In these cases comes into play, secondarily, the other rate-making elements which have been discussed. While there is water service between Louisville and Nashville, it has to pass the doors of Evansville and Henderson; Evansville is substantially the same distance by rail from Nashville as is Louisville, and market competition demanded rates so as to permit Louisville to compete with Evansville. The rates from Louisville to Memphis and other lower Mississippi River points are the same as from St. Louis, because there was through water competition which enabled Louisville to secure water rates competitive with St. Louis. Cincinnati had, however, to pay somewhat higher water rates; hence, her rail rates were also somewhat higher than from Louisville and St. Louis.

(*f*) *Indirect Water Competition*

This element is, in a great measure, subsidiary to direct competition, but as there necessarily enters into it, in a great degree, the elements of carrier and market competition, it must be regarded as somewhat apart from the other. When we speak of the rates from the Ohio River to Augusta, Ga., being made to enable the Central West to compete with the East, which has water-made rates to Augusta, we deal with it as a matter of market competition. Nevertheless, such instances may be taken as a potent form of indirect water competition. There are, however, numerous instances where the element of market competition has not been an influence. The rail rates from St. Louis to Jackson, Miss., were fixed substantially by the water rates to Vicksburg, added to the 44-mile rail rates thence to destination. Some of the rail rates between Vicksburg and Jackson were forced to a very low plane by the Mississippi Commission, which, by the way, has not, in many of its rate decisions, regarded the long-and-short-haul principle. Just as were the rail rates from Ohio River Crossings to Vicksburg proper measured by the rates of the boat lines, just so were the rates to Jackson measured. Montgomery and Selma, Ala., are other points in evidence, as the maximum rail rates from the Ohio River to those points take into account the rates to Mobile and thence on the Alabama River. The Jackson situation, as outlined, is true also at places like Greenwood and Winona, Miss. Through rail rates from the East to rail points not on rivers in Georgia and Alabama are measured by the water rates to coast cities, plus the rail rates to destination.

(g) *Legal Requirements*

A number of basing points have been created as such by orders of the Interstate Commerce Commission, which, after hearings, concluded that the carriers had not recognized fully the rights of these places, or, having established competitive rates in furtherance of individual interests, they had thereby discriminated against the places complaining. Basing points having adjustments resulting from the Commission's orders, either as concerns the western or the eastern points of origin, or both, and from related points, are Tifton, Vienna, Montezuma, LaGrange, Dawson, Moultrie, and Cordele, Ga.

CHAPTER IV

WATER TRANSPORTATION IN SOUTHERN TERRITORY

Owing to the preponderant weight of the water competitive forces, past, present, and potential, within and around the territory, which have overborne all other influences, it is desirable that a chapter be devoted to an outlined description of available routes and service on the waterways.

1. Expenditures of the National Government

Any discussion of this subject would be incomplete without some explanation of the very great aid that the federal government has given to the development of the commerce of the rivers and of the ocean. The report of the Secretary of the Treasury, made to Congress March 6, 1912, shows that the aggregate of the expenditures for river and harbor improvements in the United States from the foundation of the government up to the close of the fiscal year ended June 30, 1911, reached the enormous total of $627,098,236. This is exclusive of the expenditures for the Panama Canal.

The following summary shows the disposition of the allotment of expenditures to the Southern States:

Virginia—	
James River	$ 2,086,957
Appomattox River	741,330
James and Appomattox Rivers jointly	710,231

Norfolk Harbor	2,588,224
Rappahannock River	502,023
Smaller Rivers and Harbors	1,807,953
Total Expenditures	8,436,718
North Carolina—	
Cape Fear River	4,760,993
Waterway between Pamlico Sound and Beaufort Inlet	503,500
Smaller Waterways and Harbors	2,192,564
Total Expenditures	7,457,057
South Carolina—	
Charleston Harbor	4,935,197
Winyah Bay	2,500,161
Smaller Waterways and Harbors	2,335,605
Total Expenditures	9,770,963
Georgia—	
Savannah Harbor	8,443,703
Savannah River	1,176,285
Brunswick Harbor	1,252,944
Altamaha, Oconee, Ocmulgee, Chattahoochee Rivers	1,500,924
Total Expenditures	12,373,856
Florida—	
St. John's River	4,813,003
Tampa Bay	740,011
Key West Harbor	703,000
Smaller Rivers and Harbors	4,949,044
Total Expenditures	11,205,058
Alabama—	
Mobile Bay and Harbor	5,870,652
Alabama River	799,975
Black Warrior River	735,629
Smaller Waterways	218,423
Total Expenditures	7,624,679
Mississippi—	
Pascagoula River	1,048,274
Yazoo River	1,079,577
Mississippi River in vicinity of Vicksburg	349,000

Gulfport Harbor	374,446
Smaller Waterways	1,908,889
Total Expenditures	4,755,186
Tennessee—	
Mississippi River near Memphis	258,000
Tennessee and Cumberland Rivers	441,028
Total Expenditures	699,028
Kentucky—	
Kentucky River	3,626,271
Green River	535,428
Green and Barren Rivers jointly	185,000
Tennessee and Cumberland Rivers	330,345
Total Expenditures	4,677,044

The report of the Secretary also shows large expenditures on the different rivers within Southern Territory or adjacent thereto, these not being separable by states. Among such disbursements should be mentioned $23,548,338.15 on the Ohio River and $121,142,554.41 on the Mississippi River. This portion of the report also shows expenditures on the Black Warrior and the Tombigbee rivers in Alabama and Mississippi amounting to $3,929,775.97, on the Chattahoochee River in Georgia and Alabama amounting to $620,025.95, on the Chattahoochee and the Flint rivers in Georgia, Florida, and Alabama amounting to $133,000.00, on the Coosa River in Georgia and Alabama amounting to $1,553,594.08, and on the Cumberland River in Kentucky and Tennessee amounting to $4,050,532.18.

It will be found that out of these disbursements of upwards of $627,000,000.00 for river and harbor improvements in the United States approximately one-third has been expended either on the Mississippi and the Ohio

rivers or on the coast line of the Southern States from the Chesapeake to the Mississippi and the rivers which penetrate these states. All of this is highly indicative of the great activity which the federal government has exercised in the development of the rivers, harbors, and canals of the Southern Territory. Apparently, the government designs to make of the Ohio, the Mississippi, the James, the Alabama, the Tombigbee, the Chattahoochee, the Ocmulgee, the Savannah, the Cumberland, and the Tennessee rivers great national free highways for the carriage of the commerce of this country. How far this intention has been realized can be ascertained only by an examination of the tonnage and character of traffic moving on these rivers.

2. Water Service between North Atlantic Ports and South Atlantic and Gulf Ports

(a) *The Important Lines*

Probably no water service between any two points in the United States is more efficient than is the water service furnished by the ships on the Atlantic Ocean plying between the North Atlantic ports and the South Atlantic and Gulf ports. Among the principal steamship lines furnishing service of this character should be mentioned the following:

Name of Steamer Line	Sailings between	Number of sailings per week each way
Old Dominion S. S. Co.	N. Y. and Norfolk Harbor points..	6
Southern S. S. Co.	Philadelphia and Charleston and Jacksonville and Tampa.....	1

Name of Steamer Line	Sailings between	Number of sailings per week each way
Clyde S. S. Co.	New York and Charleston and Jacksonville	4
	New York and Brunswick	2
	Boston and Charleston and Jacksonville	2
Ocean S. S. Co.	New York and Savannah	3
	Boston and Savannah	2
Baltimore & Carolina S. S. Co.	Baltimore and Georgetown, S. C., and Charleston	1
Merchants & Miners Transportation Co.	Boston and Norfolk	3
	Providence and Norfolk	3
	Baltimore and Norfolk	3
	Baltimore and Savannah	3
	Philadelphia and Savannah and Jacksonville	3
Mallory S. S. Co.	New York and Key West, Tampa and Mobile	1
Philadelphia & Gulf S. S. Co.	Philadelphia and New Orleans and Charleston	3[1]
Southern Pacific S. S. Line.	New York and New Orleans	2

[1] Per month.

(b) *The Important Ports and Boat Service*

The port-to-port business of Charleston, Savannah, Brunswick, and Jacksonville is of great importance. During the calendar year 1911, 1,005 vessels entered the port of Charleston, of which 873 carried the United States flag. Presumably all of these vessels under the United States flag were engaged in coastwise traffic. There were forwarded from Charleston by schooner to eastern ports during the calendar year 1911, 106 vessel loads of lumber, containing 47,191,107 feet, and 7 vessel loads of phosphate rock, containing 6,789 tons.

The most important port in Georgia is Savannah on the Savannah River, eighteen miles from the sea. In 1906, Savannah ranked fourth among the ports of the Atlantic Coast of the United States. Besides the coastwise service previously outlined, Savannah is served by the Savannah & Bluffton Steamship Line between Savannah and Bluffton, by the Merchants & Farmers Navigation Company and by the Augusta & Savannah Steamship Company, each of which lines has two boats and averages two sailings per week between Savanah and Augusta. During the year 1911, the tonnage from and to foreign countries amounted to 277,856 tons entered and 414,315 tons cleared.

Brunswick, another port of considerable importance, is situated eighty miles south of Savannah. In addition to the Clyde Steamship Company she is served by the Brunswick & Florida Steamboat Company, which furnishes a service six times a week between Brunswick, Ga., and Fernandina, Fla., and a service six to twelve times a week between Brunswick and St. Simons, Ga. The Brunswick & Satilla Steamboat Company furnishes service three times a week between Brunswick and Burnt Fork, Ga., and the Brunswick, St. Simons & Darien Company furnishes service six times a week between Brunswick and Darien, Ga. Clearances and entrances of all ships in the foreign trade at Brunswick during the year 1911 show entrances of 74 steamships and 15 sailing vessels and clearances of 70 steamships and 13 sailing vessels. Clearances and entrances of all ships in the coastwise trade of Brunswick during the year 1911 show entrances of 143 steamships and 122 sailing vessels and clearances of 142 steamships and 124 sailing vessels. During the same year, there were about 200 departures

from, and the same number of arrivals at, Brunswick of steamboats doing business on the Satilla River.

The most important port of Florida is Jacksonville, situated on the west bank of the St. John's River, about 14 miles from its mouth and 155 miles south of Savannah. The river is navigable for steamboats 200 miles above Jacksonville. Jacksonville is served by the Jacksonville & Mayport Steamship Line with six sailings a week between Jacksonville, Fla., and Fulton, Fla.; The Clyde's St. John's River Line between Jacksonville and Enterprise, Fla., the Beech & Miller steamers on the St. John's River between Jacksonville and Crescent City, Fla., and the Inter-Ocean Steamship Company between Jacksonville and Palatka, Fla., each with three sailings a week; and the Independent Line, which furnishes a service six times a week between Jacksonville and Green Cove Springs, Fla. All of this is in addition to the coastwise service above stated. In the year 1911, there were 3,492 arrivals and clearances of vessels in the coastwise trade and 239 in the foreign trade. The value of the imports during that year was $1,086,270.35, while the value of the exports for the first eleven months was $2,141,358.26.

A South Carolina port of less importance is Port Royal. The town is on an island near Port Royal Entrance, four miles south of Beaufort, and has water service furnished by the Beaufort & Savannah Line with from three to six sailings a week between that port and Savannah, Ga.

Another Florida port of constantly increasing importance is Tampa, which is located at the head of Tampa Bay at the mouth of the Hillsboro River, 240 miles southwest of Jacksonville. Besides the Mallory Steamship Line and the Southern Steamship Company, it is served by the Tampa, Hunter's Point & Sarasota Steamboat

Company, plying between Tampa and Sarasota, Fla., three times a week; by the St. Petersburg Transportation Company plying between Tampa and Ellington, Fla., four times a week; and by the Penn Steamship Line every ten days between New Orleans, La., and Tampa, Fla.

The most important Gulf port on the Gulf of Mexico is New Orleans, La. It is located on the east bank of the Mississippi River distant about 100 miles from its mouth. In addition to the eastern service of the Philadelphia & Gulf Steamship Company and the Southern Pacific Steamship Line, it enjoys a very large vessel service in every direction open by water. The total number of vessels engaged in the foreign trade that entered the port of New Orleans during the calendar year 1911 was 1,101, of which 1,085 were steamships and 16 were sailing vessels. During the same period 1,118 vessels engaged in the foreign trade cleared from the port of New Orleans, of which 1,102 were steamships and 16 were sailing vessels. The Dock Board reports 1,497 steamboat arrivals at New Orleans during the year 1911, 298 arrivals of miscellaneous craft, consisting of flat boats, coal and gravel barges, tugs, transportation barges, etc., and 2,142 arrivals of luggers, gasoline boats, etc., engaged in the oyster, fish, vegetable, and small merchandise trade. New Orleans was founded in 1718 and had a population of approximately 150,000 prior to the building of any railroads connecting it with the Ohio River cities. Through all the early years in the history of New Orleans one can note a steadily increasing tonnage of freight received via the Mississippi River: for the fiscal years ended September 1, 1822, 136,400 tons were received; 1832, 244,600 tons; 1842, 566,500 tons; 1852, 1,160,500 tons; 1860, 2,187,560 tons. The first annual

report on the internal commerce of the United States for the fiscal year ended June 30, 1876, shows that the tonnage received at New Orleans during the year 1875 by the Mississippi River was 724,198 tons, while the total amount brought in by the railroads during the same period was 216,940 tons. During the same year 236,694 tons were shipped out by the Mississippi River, while only 166,396 tons were shipped out by rail. This same report shows that for the fiscal year ended June 30, 1876, the total receipt of cotton at New Orleans was 1,424,003 bales, of which 1,105,393 bales, or 78 per cent, were brought in by river. The value of the exports from New Orleans in 1880 amounted to $90,000,000; in 1910, to $140,000,000; and in 1911, to $172,789,754. In 1911 its foreign receipts were 2,019,067 tons and its clearances 2,249,883 tons.

Mobile, Ala., is another port of considerable importance on the Gulf of Mexico, it being third in point of volume of tonnage. It is situated on the west bank of the Mobile River at its entrance into the bay of the same name, 30 miles from the Gulf of Mexico and 140 miles east of New Orleans. Mobile is served by the Mallory Steamship Company heretofore mentioned and by the Pensacola, St. Andrews & Gulf Steamship Company once a week between Mobile and Gulf coast points as far as Carrabelle, Fla. A steamboat line furnishes a service once a week to Selma and Montgomery, Ala., and twice a week to Demopolis and Tuscaloosa, Ala. Mobile has an advantageous position for trade, it being the natural outlet of one of the great cotton regions of the United States. The total number of vessels that entered the port of Mobile during the year 1911 was 673, of which 142 were sailing vessels and 532 steamships. Foreign receipts in the same year amounted to 677,445 tons and clearances

amounted to 743,559 tons. The total value of the exports through the port for the year 1911 was $30,154,037, while the value of the imports during the same period was $4,031,737.

Pensacola, Fla., located on the bay of that name, has the finest natural harbor on the Gulf Coast and ranks next after Mobile in importance of foreign trade. The Pensacola, St. Andrews & Gulf Steamship Company gives it regular water connection with Mobile and ports east as far as Carrabelle, Fla.

3. Shipments from Principal South Atlantic and Gulf Ports

The report of the Chief of Engineers of the United States Army for the calendar year 1910 gives the total amount of the waterborne shipments at the principal South Atlantic and Gulf ports named below:

At	Tons	Consisting principally of
Norfolk, Va.	12,477,501	Coal, cotton, fertilizers, forest and agricultural products, and general merchandise.
Wilmington, N. C.	944,657	Cotton, cottonseed meal, naval stores, fertilizers, coal, forest products, and general merchandise.
Charleston, S. C.	1,111,952	Cotton, cotton goods, fertilizer materials, provisions, general merchandise.
Savannah, Ga.	2,920,060	Naval stores, fertilizer produce, iron, cotton, lumber, and general merchandise.
Brunswick, Ga.	784,542	Cotton, lumber, cross ties, naval stores, and general merchandise.
Fernandina, Fla.	578,645	Lumber, phosphate rock, naval stores, etc.
Jacksonville, Fla.	1,736,912	Coal, cement, fertilizer materials, lumber, oil, phosphate rock, steel rails, and general merchandise.

At	Tons	Consisting principally of
Key West, Fla...	438,776	Cattle, cement, cigars, cross ties, railroad iron, sandstone, gravel, tobacco, distilled water, and general merchandise.
Tampa, Fla.	2,246,549	Coal, fruits, fertilizers, logs, naval stores, crude oil, phosphate, tobacco, vegetables, and general merchandise.
Pensacola, Fla. ..	922,870	Cotton, naval stores, lumber, fertilizer materials, mahogany, and general merchandise.
Mobile, Ala.....	1,193,203	Cotton, cotton products, breadstuffs, hog products, lumber and timber, bananas, and sisal grass.
New Orleans, La.	4,300,209	Cotton, forest products, fruits, and wide range of merchandise.

4. Number of Vessels and Tonnage in the Southeast

The report of the Commissioner of Corporations on Transportation by Water, published by the Department of Commerce and Labor, part I, Table XXII, under the caption of "Operating Agencies of Vessels in the United States in 1907," shows the following number of vessels and the tonnage handled by such:

	Steam Vessels	Barges	Tonnage
Atlantic Coast	95	86	158,398
Alabama River	1		209
Apalachicola River	1		154
Cape Fear River	5		506
Coosa River	2		209
Cumberland River	6		1,427
Flint River	3		500
Gulf Coast	16		5,062
James River	1		814
Mississippi River	45	8	18,517
Ohio River	14	17	9,226
Peedee River	4		[illegible]
Santee River	1		62
Savannah River	4		2,192

The report shows also a large number of vessels engaged exclusively in one class of traffic, such as the carriage of lumber, coal, etc. It shows also a limited number of towing lines, some of which are engaged on the rivers flowing through the South Atlantic States and the Gulf States.

The report also shows 123 steamships and 5,758 barges with a combined tonnage capacity of 3,559,878 tons engaged in coal traffic on the Ohio and the Mississippi rivers and their tributaries. Of this number 83 steamers and 4,070 barges, with a combined tonnage capacity of 2,809,-052 tons, are owned by one company and operated from Pittsburgh to New Orleans and intermediate points. The report also shows a limited number of towing corporations engaged in business on the Mississippi and Ohio rivers and their tributaries.

5. Principal Navigable Streams

The principal navigable streams flowing into the Atlantic Ocean south of the Potomac River are the Rappahannock, Pamunkey, the York, the Chickahominy, the James, the Cowan, the Roanoke, the Tar, the Neuse, the Black, the Cape Fear, the Waccanaw, the Pedee, the Little Pedee, the Wateree, the Congaree, the Santee, the Edisto, the Savannah, the Oconee, the Ocmulgee, the Altamaha, the St. Mary's, and the St. John's rivers.

The principal navigable streams emptying into the Gulf of Mexico are the Suwanee, the Chattahoochee, the Flint, the Apalachicola, the Mobile, the Alabama, the Tombigbee, the Warrior, the Pascagoula, the Pearl, and the Mississippi rivers. The principal navigable tributaries of the Mississippi River emptying into the Missis-

sippi from the east are the Yazoo, the Big Sunflower, the Tallahatchie, the Big Black, and the Ohio rivers. The principal tributaries of the Ohio River are the Tennessee, the Cumberland, the Green, the Barren, the Kentucky, the Big Sandy, the Great Kanawha, and the Little Kanawha rivers.

6. Tonnage on Different Rivers During 1910

In the following table has been compiled the actual tonnage moving on the different rivers in Southern Territory during the calendar year 1910. This is taken from the annual report of the Chief of Engineers of the United States Army for the year 1911:

	Tons
Virginia Rivers	3,547,521
North Carolina Rivers	1,363,742
South Carolina Rivers	651,643
Georgia Rivers	135,596
Florida Rivers	491,763
Alabama Rivers	480,161
Mississippi Rivers	1,973,632
The Mississippi River	
Between St. Louis and Cairo	289,759
Between Cairo and Memphis	1,039,195
Between Memphis and Vicksburg	980,386
Between Vicksburg and New Orleans	1,530,230
Tennessee Rivers	1,567,407
The Ohio River	11,112,216
West Virginia Rivers	1,562,408
The Kentucky River	254,721

7. Water Transportation at Present Compared with That of the Past

In earlier days when the Southern States were not so ramified with railroads, the transportation service on the

various inland waterways was much greater than at the present time. In that period manufacturing and trade found the lines of least resistance in the channels of water transportation, and those sections and cities were the strongest which could best avail themselves of this auxiliary of commerce. At the present time the conditions have so materially changed that, as compared with forty or sixty years ago, the number of steamboats has greatly lessened, although barge transportation is probably greater now than in the heyday of steamboating. This change is due to a logical evolution. The river cities, no longer dominating in the production and distribution and being the gateways of trade, sections and cities which, being more or less remote from available water highways, rely on rail transportation for the whole or a part of any given service required, have sprung into being and prominence. Promptness and regularity, attributes which are always before rail carriers, are of ever-increasing importance to trade. Today, water transportation is largely that of service between the towns and country side on or closely adjacent to the waterways, and there boat transportation will always be in control of the rate situation.

Notwithstanding the lessened amount of steamboat transportation, the influence which was so compelling in creating the present rail rate structures and in fixing the plane or measure of the rates themselves, will continue. Between waterside towns, in most instances, the active competition of the boats with the rail lines continues, but the potentiality of the old competition remains in any event, not only because the raising of the rail rates would be an open invitation to an immediate increase in the boat service, but because public policy voiced in legislative enactments has provided against advances after active

competition has lessened or ceased. The indirect potentiality of water competition, which had its expression in the relative adjustment from places not subject to direct water competition or where joint water-and-rail competition had an influence, must likewise continue.

Coastwise service along the eastern and southern boundaries of the territory, far from lessening, is, in the aggregate, gradually increasing.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent in to the University.

1. Define the boundaries of Southern Territory.

2. What is the basic principle of rate construction?

3. What is the controlling factor in rate-making in this territory?

4. Illustrate the effect of market competition.

5. With the rates of what other territory do those applied in Southern Territory favorably compare?

6. Define the boundaries of Seaboard Territory.

7. Mention ten points in Southeastern Territory.

8. What are the principal port cities in Carolina territory?

9. What states are included in Mississippi Valley territory?

10. Discuss briefly the development of the southern basing points.

11. For what purpose were the early railroads constructed in this territory?

12. During what period was the southern rate structure as it stands today developed?

13. What is the distinction between a common point and a basing point?

14. To what cause may the establishment of the so-called "artificial base points" be attributed?

15. What are the most important factors in southern rate-making?

16. Give an illustration of direct competition between rival routes.

17. What are the more important rivers in the state of Georgia?

18. Enumerate some of the water carriers serving the South Atlantic ports.

19. Of what products does the bulk of commerce in this territory consist?

20. What are the principal navigable streams emptying into the Gulf of Mexico?

21. Upon what river is the greatest volume of traffic handled?

22. In the absence of water competition upon the rivers, could the rates be materially advanced?

ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

C. C. McCAIN
Manager, Eastern Freight Inspection Bureau

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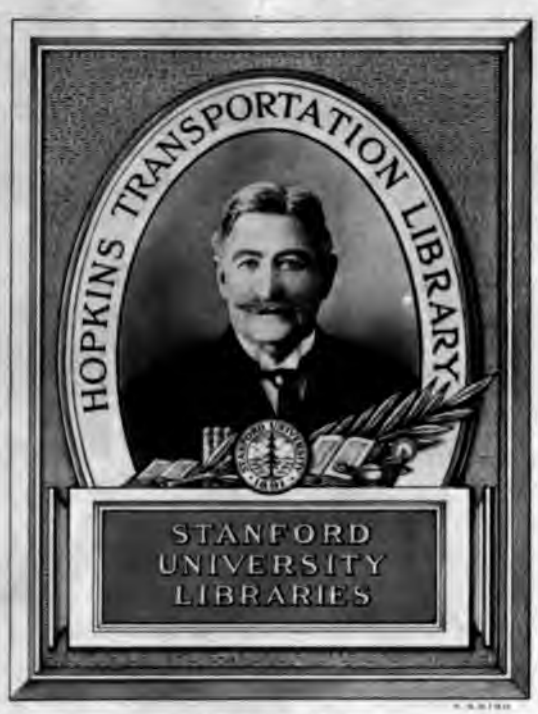
Of the Central Freight Association

PART I

ALL-RAIL RATES EASTBOUND
ERENTIAL RATES VIA RAIL-AND-WATER ROUTES



GIFT OF

Joel V. Berreman, Esq.

FREIGHT RATES

OFFICIAL CLASSIFICATION TERRITORY AND EASTERN CANADA

C. C. McCAIN
Manager, Eastern Freight Inspection Bureau

JOHN P. CURRAN
Of the Central Freight Association

PART 3

ALL-RAIL RATES EASTBOUND
DIFFERENTIAL RATES VIA RAIL-AND-WATER ROUTES

La Salle Extension University
- Chicago -
1922

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CHAPTER XIII

ALL-RAIL RATES EASTBOUND

Class Rates

A comparison of the groupings of Trunk Line and New England territories as shown on Maps 5 and 7 of the *Atlas of Railway Traffic Maps*, will disclose, in addition to the irregularity of the groupings, several more groups under the eastbound adjustment not shown on the map for westbound rates, the more important of which are the Rockland, Me., and Stanstead, Que., groups. However, this difference in the grouping does not always result in a difference in rates, since the rates from a great part of the percentage territory to both Rockland and Stanstead are made the same as the rates to Boston. From short-haul points, that is, from those on the eastern border of the percentage groups, owing to the exaction of minimum rates, which are made the same as interior percentage group points beyond, there is a difference in the rates established to the respective groups.

Until the general advance in freight rates in this territory was authorized, in 1914, there was, owing to a difference in the rule for the disposition of fractions, a difference in the rates *from* the percentage groups to New York as compared with the rates from New York *to* the same percentage groups.

In availing themselves of the increase sanctioned,

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Until the general advance in freight rates in this territory was authorized, in 1914, there was, owing to a difference in the rule for the disposition of fractions, a difference in the rates *from* the percentage groups to New York as compared with the rates from New York *to* the same percentage groups.

In availing themselves of the increase sanctioned,

the carriers established a new rule for the disposition of fractions and made it applicable on both east and westbound traffic, with the result that the rates, both east and westbound between New York and Chicago are the same. Consequently the rates shown in Table 17 usually apply also from the various percentage groups to New York although, as previously explained,[1] the outlines of the groups are not the same for both adjustments.

In Table 21 we have taken Chicago as a representative point of origin and have shown the rates applying therefrom to various eastern seaboard and interior basing points.

TABLE 21

ALL-RAIL RATES FROM CHICAGO TO EASTERN BASE POINTS
Governed by Official Classification

From Chicago To	Rates in Cents per 100 Pounds								
	Classes								
	1	2	R25	3	R26	4	5	6	R28
New York ...N. Y.	90	79	67	60	48	42	36	30	48.5
Boston ....Mass. Rockland ....Me. Stanstead ...Que.	97	85	72.5	65	52	46	39	32	52.5
Philadelphia ...Pa.	88	77	65.5	58	46.5	40	34	28	46.5
Baltimore .....Md.	87	76	64.5	57	45.5	39	33	27	45.5
Albany .....N. Y.	86.5	76	64.5	59.5	46	40.5	34.5	29	46.5
Utica .....N. Y.	81	71	60.5	54	43	38	32.5	27	43.5
Syracuse .....N. Y.	72	63	53.5	48	38.5	33.5	29	24	38.5
Rochester ...N. Y. Mt. Morris..N. Y. Emporium ....Pa.	66.5	58.5	49.5	44.5	35.5	31	26.5	22	35.5
Cumberland ..Md. Elkins ...W. Va.	72	63	53.5	48	38.5	33.5	29	24	38.5
Norfolk .....Va. Richmond ...Va. Lynchburg ...Va.	87	76	64.5	57	45.5	39	33	27	45.5

The rates to points other than New York are established in conformity with the basis set forth in Table 22, and to illustrate the working of these formulas, the individual items comprising the table will be taken up in their order.

[1] Part 2, page 98.

TABLE 22

Basis for Construction of Eastbound Class Rates from Percentage Territory to Trunk Line Base Points

Item	To Eastern Groups	From Percentage Groups	Rates or Arbitraries in Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
1	New York, N. Y.	100	90	79	60	42	36	30	Base scale
2	Boston, Mass.	60 66½-120	5 7	4 6	3 5	3 4	2½ 3	2 2	Higher than New York
3	Rockland, Me.	60-120							Same as Boston, observing Cleveland-Boston rates as minima
4	Stanstead, Que.	60-120							Same as Boston, observing Toledo-Boston rates as minima
5	Philadelphia, Pa.	60 66½-120	6 2	6 2	2 2	2 2	2 2	2 2	Less than New York
6	Baltimore, Md.	60 66½-120	6 3	6 3	3 3	3 3	3 3	3 3	Less than New York
7	Albany, N. Y.	①60 a b c 66½-120							85 92 100 96 % of New York rates
8	Utica, N. Y.	①60 a b c 66½-71 72-78 79-100 Over 100							80 85 92 83 87 90 91 % of New York rates
9	Syracuse, N. Y.	①60 a b c 66½-71 72-78 79-100 Over 100							75 78 84 74 76 80 84 % of New York rates
10	Rochester, N. Y. Mt. Morris, N. Y.	①60 a b c ⑧66½-71 72-78 79-100 Over 100	4 4 4 3 3	3 3 3 3 3	2 2 2 2 2	2 2 2 2 2	1 1 1 1 1	1 1 1 1 1	55 62 72 63 68 74 76 % of New York rates but not less than arbitraries over Buffalo rates

TABLE 22—Continued

Item	To Eastern Groups	From Percentage Groups	Rates or Arbitraries in Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
11	③Cumberland, Md.	②60 66½-71 72-78 79-120 Over 120							Arbitrary rates 74, 76, 80, 82 % of New York rates
12	Belington-Elkins, W. Va.	60-120	Cumberland rates but not less than 48.1	40.8	30.3	20.9	17.8	14.6	
13	④Virginia Cities and Strasburg groups	60-120							⑤⑥⑦ Same rates as to Baltimore

①Varying percentages are established from points in the 60 per cent group.

②Central Freight Association legislation provides the following rates from points shown below, subject to the rates from same points of origin to Johnstown, Pa., as minima.

From	Rates in Cents per 100 Pounds — Classes 1	2	3	4	5	6
Brocton.....N. Y.						
Butler.....Pa.						
Corry.....Pa.						
Dayton.....N. Y.						
Dunkirk.....N. Y.						
Erie.....Pa.						
Falconer Jct.....N. Y.						
Franklin.....Pa.						
Irvineton.....Pa.	48.5	41	32.5	24	17	13.5
Jamestown.....N. Y.						
Mayville.....N. Y.						
Meadville.....Pa.						
Oil City.....Pa.						
Titusville.....Pa.						
Union City.....Pa.						
Warren.....Pa.						
Westfield.....N. Y.						

③The rates to the Cumberland group may not be less than to the Johnstown group from the same percentage points in any case.

④The Virginia Cities are Burkeville, Kilby, Lynchburg, Norfolk, Petersburg, Pinners Point, Richmond, Roanoke, and Suffolk. The stations grouped as the Strasburg group on Map 7 take the same rates as the Virginia Cities, but the Strasburg stations are not listed as Virginia Cities in the tariffs. The Virginia Cities group shown on Map 7 includes the points that take the same rates as the Virginia Cities listed in this note.

⑤Except that from points taking (1) less than 77 per cent of the Chicago-New York rates and (2) higher than 77 per cent of the Chicago-New York rates which are located on, and east of, the N. & W. Ry., Columbus, Ohio, to Portsmouth, Ohio, and south of the P. C. C. & St. L. Ry., Columbus, Ohio, to Steubenville, Ohio, inclusive, rates are not less than the rates from Columbus, Ohio, to Baltimore, Md.

⑥In no case will the through rate exceed the published rate to Baltimore, Md., except that on traffic originating south of the Ohio River and east of that portion of the Mississippi River extending from Cairo, Ill., to New Orleans, La., the arbitraries named must be added to the rate to Pittsburgh regardless of the rate to Baltimore.

⑦Rates to Strasburg will in no case be less than rates to Richmond, Va.

⑧The first-class arbitrary from Mercer, Pa., and Stoneboro, Pa., is four (4) cents.

Item 1 of the above table shows the class rates from the 100 per cent territory (Chicago) to New York. This class scale is used as a basis for class rates from western percentage territory to eastern groups in Trunk Line and New England territories.

To many of the destinations, the rates from the 60 per cent group are varying percentages to be applied therefrom owing to the subdivision of this group. This adjustment, owing to its many ramifications, will be taken up in the last part of this treatise, and the present discussion of rate making confined to those groups taking 66½ per cent to 120 per cent, inclusive, of the base scale.

To Boston, Mass., and Boston Rate Points.—Contrary to the principle employed in establishing westbound rates *from* Boston, previously discussed, whereinto the greater part of percentage territory New York rates are applied from Boston, the rates from all points in percentage territory *to* Boston are made by the addition of fixed arbitraries. These figures are added to whatever rate is established from the percentage group in question to New York. Table 22 indicates that the rates from Chicago to Boston are the following arbitraries over the rates established to New York:

Classes	1	2	3	4	5	6
Rates	7	6	5	4	3	2

These are the figures indicated in item 2 of Table 22 for the 100 per cent group.

To Rockland, Me., and Points Taking the [illegible] *Rates.*—The same formula that was ap[illegible] [illegible]ing the rates to Boston, is employed [illegible]tes to Rockland, Me., and points ba[illegible] proviso that in no event are th[illegible] the rates established from Cle[illegible] point) to Boston, Mass.

For example, 71 per cent of the Chicago-New York rates yields the following figures for the respective classes:

Classes	1	2	3	4	5	6
Rates	64	56	42.5	30	25.5	21.5

The addition of the Boston arbitraries indicated in item 2 of Table 22, results in the following through rates from the 71 per cent group to Boston:

Classes	1	2	3	4	5	6
Rates	71	62	47.5	34	28.5	23.5

As the rates established under the same principle from all groups taking less than 71 per cent of the Chicago-New York rates would be lower than these indicated, the 71 per cent Boston rates are held as minima from all points east. It will be noted that the haul to the Rockland group is, in all instances, much longer than the average haul to the Boston group, which accounts for the application of the minima.

Particularly as concerns the northern part of New England Territory freight traffic is very light, to say the least, the bulk of the tonnage being accounted for in movements of forest products which of necessity must carry low rates in order to encourage their movement, and the application of the minimum rates, so far as general merchandise traffic is concerned, in some measure offsets the expense incurred in affording this service. Consequently, many of the smaller lines and branch lines of trunk line systems as well, adjust their rates to points on such lines by the addition of fixed local rates to the base-point rate.

The Bangor & Aroostook Railroad, running in a northwesterly direction from Bangor through the State of Maine to St. John, Me., provides for the addition to the rates currently applicable to Rockland, Me. (Boston

rate point) of rates on ascending scales, as the distance from the base point becomes greater, till, at St. John, the scale is as follows:

Classes	1	2	3	4	5	6	R25	R26	R28
Rates	49	43	38	32	26	23	43[1]	38[2]	38[2]

[1] Second-class rate, used arbitrarily for R25 traffic.
[2] Third-class rate, used arbitrarily.

This makes the first-class rate from Chicago to St. John $1.46 and the sixth-class rate 55 cents for one hundred pounds, the rates to other stations on the line varying from 14 cents to 49 cents above the established rates to Boston on first-class freight and from 4.5 cents to 23 cents on sixth-class freight, the sixth-class arbitrary of 23 cents being almost as much as the rate on that class from Chicago to New York, the last-named rate being 30 cents.

The eastbound rates from Central Freight Association Territory to northern Maine as affecting the theory that rates should be the same in both directions may appear unreasonable in comparison with the westbound rates. The westbound rates, however, were made the same as those from New York to enable the New England factories to compete with those of the New York group and to meet water competition from the New England ports. The same necessity for granting extremely low eastbound rates does not exist, since northern Maine, lying well east of New York, is sparsely settled and served by railways of light tonnage. The Rockland rates, plus the 49 cents on first-class freight, are probably not unreasonable on shipments from Central Freight Association Territory to St. [illegible] a town in extreme northern Maine. [illegible] low westbound rates are made to [illegible] nd the freight on the New Englan[illegible]

Industrial competition and [illegible] important factors in forcing th[illegible]

The eastbound rates are reasonable while the westbound rates are abnormally low.

Commissioner Charles A. Prouty, of the Interstate Commerce Commission in the New England investigation, wrote the following paragraph concerning freight rates in New England Territory:

> The long distance rates which New England enjoys are generally very favorable to that locality . . . rates upon the products of New England to markets of consumption in other parts of the country are unusually low. This is sometimes due to the voluntary acts of the carriers in order to put the manufacturer of New England upon a competitive basis with the near producing point of which paper is an illustration. The rate on that commodity from producing points in Maine to Chicago is 20 cents per 100 pounds for a haul of approximately 1,300 miles. Most of the low long distance rates from New England are, however, due to water competition. This is the case with those to the Pacific Coast and with those to interior territory contiguous to the Pacific Coast which is affected by that competition. This is also true of the great mass of rates into the southwest and even into the central west.

To Stanstead, Que., and Points Taking the Same Rates.—In constructing rates to points in this group and points basing thereon, the same general procedure is employed as in the Rockland adjustment, subject, however, as minimum rates, to those that may be established from Toledo (a 78 per cent point) to Boston, the class rate from the 78 per cent group to Boston, being as follows:

Classes	1	2	3	4	5	6
Rates	77	67.5	52	37	31	25.5

Philadelphia, Pa., Baltimore, Md., and Points Basing Thereon.—As is the case in the westbound adjustment, rates from percentage groups to Philadelphia and Baltimore are adjusted on a differential basis with regard to such rates as may be established to New York. The differentials themselves, however, are not

on the same measure, being lower on both first and second classes, resulting from a compromise between the Philadelphia and Baltimore interests, on the one hand, and the New York interests, on the other.

In the application of these differentials, it will be noted that, except from 60 per cent points, the rates on all classes to Philadelphia are uniformly 2 cents under New York rates, while Baltimore, in turn, is 1 cent under Philadelphia, or 3 cents under New York.

Albany, N. Y., and Points Basing Thereon.—To the so-called "interior" base points, of which Albany, N. Y., is the first, there is a radical departure from the method employed in establishing westbound rates and in practically no instance will the rates be the same from and to the same percentage groups. For example, the fourth-class rate from Cincinnati to Albany is not the same as the fourth-class rate from Albany to Cincinnati.

Under the basis set forth in item 7, Table 22, where it is desired to construct the rates from Cincinnati, Ohio (an 87 per cent point) to Albany, N. Y., the rates from Cincinnati to New York would first be constructed by taking 87 per cent of the Chicago-New York rates, resulting in the following scale:

Classes	1	2	3	4	5	6
Rates	78.5	68.5	52	36.5	31.5	26

and then, in turn, taking 96 per cent of these figures, obtaining the following as a final result:

Classes	1	2	3	4	5	6
Rates	75.5	66	50	35	30	25

which are the rates from Cincinnati to Al

Utica, N. Y., and Points Basing Th

principle is employed in the establish

Utica. From percentage groups, howe

blanketed to the same extent as in the Albany adjustment, but are fixed on increasing percentages which ascend conforming, in some degree, to the increase in the length of the haul involved. That is, while the rates from Youngstown (a 66½ per cent point) are made 83 per cent of the New York rates from that point, the rates from Cairo, Ill. (a 120 per cent point) are made 91 per cent of the New York rates from that point.

Under the application of the foregoing basis, the rates from Ft. Wayne, Ind. (a 90 per cent point) to Utica, are as follows:

Classes	1	2	3	4	5	6
Rates	73	64	48.5	34	29.5	24.5

Syracuse, N. Y., and Points Basing Thereon.—In this group, owing to the diminishing length of haul, the percentages applied from the various percentage groups are not as great as to the base groups (Albany and Utica) to the east.

Current rates made under this adjustment from Elyria, Ohio (a 76 per cent point) are as follows:

Classes	1	2	3	4	5	6
Rates	52	45.5	34.5	24.5	21.	17.5

To Rochester, N. Y., Mt. Morris, N. Y., and Emporium, Pa., and Points Basing Thereon.—This group takes in these three points for the reason that in the development of the eastbound billing instruction and the bases for rates, there was a lack of uniformity in designating the group, one line calling it the "Emporium Group," another the "Mt. Morris Group," and still others, the "Rochester Group," so in order to cover all of the groups, the individual names have been perpetuated. The territory involved, however, is that indicated on Map 7 in the Rochester grouping.

It will be observed from this map that the group is separated from the percentage groups only by the margin marking the Buffalo group, and, as concerns short hauls, rates are to be made on an alternative basis, namely, a percentage adjustment or certain arbitraries over the Buffalo rates. That is, if the application of the percentage indicated in the table opposite the corresponding group yields a lower rate than obtains by adding the arbitraries indicated to the rates to Buffalo from the same point of origin, the latter basis is to govern.

For example, the rates from Youngstown, Ohio (a 66½ per cent point) to New York, are as follows:

Classes	1	2	3	4	5	6
Rates	60	52.5	40	28	24	20

and to Rochester, the rates are to be made under the percentage principle 63 per cent of these figures, which is as follows:

Classes	1	2	3	4	5	6
Rates	38	33	25	17.5	15	12.5

The rates from Youngstown to Buffalo are as follows:

Classes	1	2	3	4	5	6
Rates	32	28	21	15	11	10

and the addition of the arbitraries indicated in item 10 of Table 22 to these rates, results in the following figures:

Classes	1	2	3	4	5	6
Rates	35	31	23	17	12	11

but as the percentage basis yields a higher rate, it is applied.

It might be said, in passing, that the arbitrary adjustment will apply only on very short hauls from points in the 60 per cent group to points in the Rochester-Mt. Morris group.

Cumberland, Md., and Points Basing Thereon.—In this adjustment we have a still different phase of rate-making, in that from the short-haul group, 60 per cent specific rates, which are not made on a fixed basis, being adjusted with regard to the rates prevailing from more distantly located percentage points, have been arbitrarily established by the interested lines, and as the long-and-short-haul clause is observed, the rates so established do not exceed those from more distant points.

From the other groups, 66½ per cent and over, the rates are made from ascending percentages which are the same, as will be noted, as obtain in the Syracuse, N. Y., adjustment from the same groups, with the exception of points in groups over 100 per cent.

Current rates in effect from Lansing, Mich. (a 91 per cent group) to Cumberland, are as follows:

Classes	1	2	3	4	5	6
Rates	68.5	60	45.5	32	27	23

Belington and Elkins, W. Va., and Points Basing Thereon.—The same formula is observed in constructing the rates to this group of stations as in the Cumberland adjustment, with the proviso that no rates are to be established which are less than the 48.1-cent scale indicated in item 12 of Table 22.

CHAPTER XIV

ALL-RAIL RATES EASTBOUND—Continued

Commodity Rates

As the class rates to eastern destinations are based upon the rates established to New York, so likewise are the commodity rates adjusted on a fixed relationship to such rates as may be established to New York, in so far as commodities which have a general authorization are concerned. These rates are applied from and to all points in the respective territories.

A comparison of the bases used in establishing class rates with those prevailing under the commodity adjustment indicates that, in many cases, they are identical, the same arbitraries or percentages being employed.

TABLE 23

General Basis for Commodity Rates on Domestic Shipments from Percentage Territory (Map 6) to Eastern Groups in Trunk Line and New England Territories (Map 7)[1]

Item	To Eastern Groups	From Percentage Points	General Basis for Commodities
1	Boston, Mass.	60-122	(1) When a commodity rate to New York is the same as a class rate, the commodity rate to Boston will be made the same arbitrary over the New York commodity rate as is applied in determining the class rate to Boston (Table 22, item 2) (2) When a commodity rate to New York is not the same as a class rate, the commodity rate to Boston will be made the same arbitrary over the New York commodity rate as is applied in determining the next higher class rate to Boston (Table 22, item 2)[2]

TABLE 23—Continued

GENERAL BASIS FOR COMMODITY RATES ON DOMESTIC SHIPMENTS FROM PERCENTAGE TERRITORY (MAP 6) TO EASTERN GROUPS IN TRUNK LINE AND NEW ENGLAND TERRITORIES (MAP 7)

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE POINTS	BASIS FOR RATES IN CARLOADS
2	Rockland, Me.	60-120	Same as to Boston but not less than from Cleveland, Ohio, to Boston
3	Stanstead, Que.	60-120	Same as to Boston but not less than from Toledo, Ohio, to Boston
4	Philadelphia, Pa.	60-120	Two cents under New York rates
5	Baltimore, Md.	60-120	Three cents under New York rates
6	Albany, N. Y.	60-120	(1) When a commodity rate authorized to one eastern point is also authorized as a basis to other eastern points, the commodity rates to Albany will be made on the percentage of the New York rates which govern the class rates to Albany (Table 22, item 7) (2) When a commodity rate authorized to one eastern point is not specifically authorized as a basis to other eastern points, no change will be made to Albany, except where necessary to conform to the long-and-short-haul clause of the Interstate Commerce Law
7	Utica, N. Y.	60-120	Same rule as above, with use of percentages in item 8 of Table 22
8	Syracuse, N. Y.	60-120	Same rule as above, with use of percentages in item 9 of Table 22[2]
9	Rochester-Mt. Morris, N. Y.	60-120	Same rule as above, except percentages, notes, and arbitraries of item 10, Table 22, apply[3]
10	Cumberland, Md.	60	Specific rates not higher than from 66⅔ per cent points and not lower than to Johnstown
		66⅔-120	Same basis as for class rates (Table 22, item 11)[4]
11	Belington-Elkins, W. Va.	60-120	Same rates as to Cumberland, Md.[5]
12	Virginia Cities	(6)	Baltimore rates but not less than from Columbus, Ohio, (77 per cent group) to Baltimore
		(7)	Baltimore rates

TABLE 23—Continued

[1]Petition No. 1 for Relief from the Fourth Section of the Act to Regulate Commerce, filed by the agent of the Central Freight Association with the Interstate Commerce Commission, 1910; Pennsylvania Lines, Circular No. 10.

[2]Example: If a commodity rate of 32 cents per 100 pounds is authorized from Chicago, Ill., to New York, N. Y., which is not a class rate (the next higher class rate to New York being 36 cents per 100 pounds fifth-class), the rate to Boston would be ascertained by using the fifth-class arbitrary, thus establishing the rate, Chicago to Boston, at 35 cents.

[3](1) When eastbound rates on any commodity are on a basis of less than 21 cents per 100 pounds from Chicago to New York, the minimum rates from all points in Central Freight Association territory, taking 66⅔ per cent, or higher, to the Rochester and Syracuse groups are the rates applicable from the same points to Baltimore, Md.; and the maximum rates are those applicable on the same commodities under the class rates.

(2) When eastbound rates on any commodity are on a basis of 21 cents or higher per 100 pounds from Chicago to New York, the rates are scaled on the authorized percentages shown on Map 6, but the minimum rates from all points in Central Freight Association territory, taking 66⅔ per cent, or higher, to the Rochester and Syracuse groups are the Baltimore rates from the same points on the basis of 20½ cents per 100 pounds from Chicago to New York, or 17½ cents from Chicago to Baltimore; and the maximum rates are those applicable on the same commodities under the class rates.

For example, when the rate from Chicago to New York is 21 cents per 100 pounds, the rate from Chicago to Rochester is 17½ cents, and from 110 per cent points to Rochester, 19.6 cents, which are the rates to Baltimore, Md., from the same points on a basis of 20½ cents per 100 pounds from Chicago to New York.

The minimum rates specified in sections (1) and (2) do not apply to points that take Pittsburgh rates plus arbitraries, from 60 per cent points to Rochester and Syracuse groups, nor on articles taking brick rates.

[4]On grain, grain products and by-products of grain, rates will be made uniformly one-half cent less than current rates to Baltimore, Md., observing rates to Johnstown, Pa., as minima.

[5]Minimum rate on all commodities taking specific rates, except iron and steel articles, new iron and steel rails, iron and steel railroad cross ties, and oil, is the Columbus, Ohio, to Cumberland rate, subject to a minimum rate of 10.8 cents per 100 pounds. On oil, the minimum rate is 16.2 cents, on new iron and steel rails, and iron and steel railroad cross ties the usual arbitraries, as per fast-freight-line hand books, above current rates from Pittsburgh, Pa., and on iron and steel articles, when classified as follows:

Classes	4 L. C. L.	5 L. C. L.	5 C. L.	6 C. L.
Cents per 100 pounds	20.9	17.8	17.8	14.6

[6]From percentage points specified in footnote 5 of Table 22.

[7]From percentage points other than those specified in footnote 5, Table 22.

As a prelude to the discussion of the various items comprising the foregoing table, it is appropriate to state that the proper differentials to add or deduct (where differential adjustments are authorized) may readily be determined by comparing the commodity rate from Chicago to New York with the class rate established from Chicago to New York. The general rule that when the commodity rate is not the same as the class rate, the differential for the next higher class employed. Thus, if a commodity rate of 32 cents established from Chicago to New York (this being slightly higher than the sixth-class rate) the sixth-

class differential would not be used, but the differential for the fifth-class rate applied instead, as this is the next higher class.

Where, however, there are established commodity rates which are the same as class rates, the corresponding class differential is deducted, or, in other words, if a commodity rate were made which was the same as the second-class rate from Chicago to New York, the second-class differential would be added or subtracted as provided in Table 23. To assist in the following discussion representative commodity rates from western points of origin to New York, N. Y., have been reproduced in Table 24.

To Boston, Mass., and Points Basing Thereon.—On domestic traffic, rates to Boston are made certain figures or arbitraries higher than the rates that obtain to New York.

In connection with the explanation of the relationship of freight rates that is given here and elsewhere throughout the treatises on freight rates, two points should be given special attention: (1) Careful note should always be made as to the exact provisions that are made for the construction of freight rates and (2) very accurate application of these provisions must always be made. This is particularly true in cases where the provisions are somewhat complicated.

For some purposes approximate figures are good enough, but in the construction of freight rates it is generally the case that the exact rate is what is wanted. A mistake of one cent or a fraction of a cent on a freight rate is often the difference between getting or losing business or between making or losing money on certain business.

TABLE 24

COMMODITY RATES IN CENTS PER 100 POUNDS (EXCEPT AS NOTED) FROM VARIOUS WESTERN POINTS OF ORIGIN TO THE NEW YORK GROUP

From \ On		Aqua ammonia	Base bullion	Brick	Agricultural limestone	Pig lead	Clay (except common and fire)	Live cattle	Petroleum	Dressed meat	Live horses	Pig iron[1]	Billets[1]
60d	Dunkirk, N. Y.	14.5	13	14	11.5	12	14.5	26.5	20	36.5	44.5	3.10	3.20
60c	North East, Pa.	14.5	13	14	11.5	12	14.5	26.5	20	36.5	44.5	3.10	3.20
60b	Erie, Pa.	14.5	13	14	11.5	12	14.5	26.5	20	36.5	44.5	3.10	3.20
60	Oil City, Pa.	16	14.5	15.5	12.5	13	16	28.5	20	36.5	49	3.10	3.20
66½	Youngstown, Ohio	16	14.5	15.5	12.5	15.5	19	33.5	23.5	36.5	49	3.50	3.60
71	Cleveland, Ohio	19	17	16	15	15.5	19	38.5	23.5	39	52.5	3.70	3.80
76	Elyria, Ohio	20	18	19.5	16	16.5	20.5	36	25	42	56	4.40	4.60
78	Toledo, Ohio	20.5	18.5	20	16.5	17	21	37	25.5	43	57.5	4.50	4.70
84	Adrian, Mich.	22.5	20	21.5	17.5	18.5	22.5	40	27.5	46	62	4.80	5.00
85	Bryan, Ohio	22.5	20.5	21.5	18	18.5	23	40.5	28	47	63	4.90	5.10
87	Tipton, Mich.	23	21	22	18.5	19	23.5	41.5	28.5	48	64.5	5.00	5.20
90	Fort Wayne, Ind.	24	21.5	23	19	20	24.5	43	29.5	49.5	66.5	5.20	5.40
92	Kendallville Ind.	24.5	22	23.5	19.5	20	25	43.5	30.5	50.5	68	5.30	5.50
95	Lansing, Mich.	25	23	24	20	21	25.5	45	31.5	52.5	70.5	5.50	5.70
96	La Porte, Ind.	25.5	23	24.5	20	21	26	45.5	31.5	53	71	5.50	5.80
100	Chicago, Ill.	26.5	24	25.5	21	22	27	47.5	33	55	74	5.75	6.00

[1] Rates in cents per gross ton.

It will be noted that the first item of Table 23 refers to Table 22, item 2 (or the class-rate adjustment) for the bases to apply in connection with the estabishment of commodity rates to Boston. Accordingly, if a commodity rate of 21 cents were established from Chicago to New York, the rates on the same commodity to Boston, (if it had a general authorization) from Cincinnati, Ohio, would be made in the first instance by taking 87 per cent of 21 cents, producing 18.3 cents as the rate from that group to New York. As the 21-cent base rate is lower than the sixth-class rate, the sixth-class differential would be added to this rate, making a through rate of 20.3 cents from Cincinnati to Boston.

If, however, a commodity rate were established removing the application of, say, the normal third-class adjustment and establishing new rates on the basis of fourth-class rate, or 36.8 cents, the rates from the 60 per cent group would be made by taking 60 per cent of this figure, producing 22.1 cents as the rate to New York, and adding thereto the fourth-class differential of 3 cents as indicated in item 2 of Table 22.

To Rockland, Me., and Stanstead, Que.—The second item also outlines the basis for the construction of rates to Rockland, Me. It is necessary, however, in this particular adjustment, to maintain as minimum rates those established from Cleveland, Ohio (a 71 per cent point) to Boston, Mass. A similar requirement will be recalled in connection with the class-rate adjustment.

What has been said in connection with Rockland, Me., is true with regard to the establishment of rates to Stanstead, Que., with the modification that the minimum rates are to be not less than those made from Toledo, Ohio (a 78 per cent point) to Boston, Mass. For instance, if the rate on a commodity having a basis of 21 cents from Chicago to New York were desired from

Cleveland, Ohio, to Stanstead, Que., the rate would first be computed from Cleveland to Boston, which would be done by taking 71 per cent of the Chicago-New York rate, resulting in a rate of 14.9 cents, to which would be added the Boston arbitrary,[6] making a through rate of 16.9 cents. The rate from Toledo, Ohio, however, is 78 per cent of the Chicago-New York rate, or 16.4 cents, plus 2 cents, or 18.4 cents, and inasmuch as the Cleveland normal rate is less than this basis, it must be increased to the same figure as applies from the 78 per cent group.

The reason for this procedure was set forth, in general, in connection with the class-rate adjustment, and it is unnecessary to repeat it at this time.

To Philadelphia, Pa., and Baltimore, Md.—The construction of commodity rates to Philadelphia merely involves the subtraction of the differentials indicated in item 4 of Table 23 from the New York rates from the respective percentage group, and it is therefore subject to no complication.

To Baltimore, Md.—What was said with reference to the rates to Philadelphia is true with regard to the rates to Baltimore, Md. It may be noted that the rates to Baltimore will in all instances be one cent per hundred pounds less than the rates to Philadelphia, which, in turn, are 2 cents less than the rates to New York.

To Albany, N. Y.—To Albany, N. Y., on commodities which have a general authorization, or, in other words, which move from all points in percentage territory, the rates are established upon the same percentages as are used in connection with the establishment of class rates. Thus, if a commodity rate of 33 cents were established from Chicago to New York and the rates from East St. Louis, Ill. (a 117 per cent point) were desired, the East St. Louis-New York rate would be first established, which would be done by taking 117 per cent of the Chi-

[6] Table 22, item 2.

cago rate, producing 38.61 cents, or, under the rule for the disposition of fractions, 38.6 cents per one hundred pounds. Item 7 of Table 22 (to which item 6 of Table 23 refers) indicates that, from the 117 per cent group to Albany, rates are to be made 96 per cent of the rate from the same group to New York, and, accordingly, 96 per cent of the East St. Louis-New York rate, 38.6 cents, gives 37.05 cents, or 37.1 cents as the East St. Louis-Albany rate.

As we have said in an earlier part of this treatise, frequently rates are authorized to apply only from specific points of origin, or, in other words, they have no general authorization, and in such cases rates are not established from any intermediate points except to remove such violations as may occur in so far as the long-and-short-haul clause in the Act to Regulate Commerce is concerned.

To Utica, N. Y.—Inasmuch as Albany is more distantly located and on the same line with Utica, it is only natural that the rates that are established to Albany influence in some degree the rates that are made to Utica. Consequently, the same rule with reference to authorized and non-authorized rates holds good with respect to this point. The establishment of rates under this basis involves the same procedure (with the substitution of the Utica percentages for the Albany per cent) as indicated in Table 22.

To Syracuse, N. Y.—The same also holds good with respect to the Syracuse adjustment of rates. The Illustration given in connection with the adjustment of rates to Albany, N. Y., should suffice for this point as well.

To Rochester and Mt. Morris, N. Y.—In so far as procedure is concerned, with respect to rates having a general authorization and those not, the same principles are applied to Rochester and Mt. Morris. These rates

are also based upon the percentages for the making of class rates indicated in item 10 of Table 22. This adjustment, however, is qualified to the extent that the rates so obtained must not be less than the rates that are established from the same point of origin to Baltimore, Md., when the commodity is rated on the basis of less than 21 cents per one hundred pounds, from Chicago to New York, and that if the rates are on the basis of 21 cents or higher, the minimum rates are to be the Baltimore rates from the same point on the basis of 20½ cents per hundred pounds from Chicago to New York, or 17½ cents from Chicago to Baltimore.

To illustrate this, assume that a commodity rate of 19 cents per one hundred pounds were established from Chicago to New York and that the rate from Canton, Ohio (a 71 per cent point) to Rochester, N. Y., were desired. The rate from Canton to New York would first be constructed, which would be done by taking 71 per cent of the Chicago-New York rate, resulting in 13.49 cents, or 13.5 cents, as the rate from Canton to New York. The rate to Rochester is then made in conformity with item 10 of Table 22 by taking 63 per cent of this figure, giving 8.5 cents as the rate under the normal adjustment. However, inasmuch as the base rate is less than 21 cents, it is necessary to ascertain what the rate is from the 71 per cent group to Baltimore, in order that it may be determined whether the 8.5-cent rate is lower than the minimum rate. Inasmuch as item 5 of Table 23 states that Baltimore rates are made 3 cents less than the New York rates, it is readily discerned that the Baltimore rate in this case is 10½ cents. Consequently, this figure would be applied instead of that obtained under the normal adjustment.

To illustrate the second part of the qualification, take a rate of 22.1 cents, which is higher than the 21-cent

rate marking the dividing line in this particular adjustment. Rates from Cleveland would be made in identically the same fashion as set forth in the preceding paragraph, and a rate of 9.9 cents from Cleveland to Rochester is obtained. This, however, is less than the Cleveland-Baltimore rate, which is made by deducting 3 cents from the Cleveland-New York rate, 14.6 cents, on the basis of 20½ cents from Chicago to New York, or 11.6 cents. Consequently, the latter rate is applied.

To Cumberland, Md.—In the Cumberland, Md., adjustment from the 60 per cent group, we have not only minimum rates prescribed, but maximum rates as well. Consequently, rates are made that conform thereto, observing that they are not less than the rates to Johnstown, or that they do not exceed the rates that are established from the 66½ per cent group to Cumberland.

From territory other than the 60 per cent group these rates are made on the same percentage of the Chicago-New York rate as applies in connection with the class-rate adjustment, with the exceptions noted.

To Belington and Elkins, W. Va.—To Belington and Elkins, W. Va., the same basis as is applied in connection with the Cumberland, Md., adjustment is extended to these points, with the exceptions noted.

To Virginia Cities.—In the adjustment of rates to Virginia Cities there is, owing to the fact that the territory is served by direct lines such as the Baltimore & Ohio Railroad, the Norfolk and Western Railway, and the Chesapeake & Ohio Railway, a so-called "split basis" applied from certain competitive groups on, and adjacent to, the Ohio River. The dividing line of this grouping is the line of the Norfolk and Western Railway from Columbus, Ohio, through Circleville, Chillicothe, and Waverly to Portsmouth, Ohio, and from all of the groups east of this line, rates are established which must not be less than the rates from Columbus,

Ohio (a 77 per cent point) to Baltimore, Md., the class rates under this adjustment being as follows:

Classes	1	2	3	4	5	6
Rates	66.5	58	43	29.5	24.5	20

On class traffic, or commodities, established on a class basis, these figures must be observed as minima rates from this territory. For commodity rates (except on livestock) the Columbus-to-Baltimore rates are the minima.

From destinations in groups north and west of this line Baltimore rates are applied.

CHAPTER XV

ALL-RAIL RATES EASTBOUND—Continued

Specific Commodity Adjustments

In the case of many commodities, the competition between carriers, between like commodities and between centers of production and consumption has become so keen that, coupled with the nature of the product, it has been found necessary to establish special rates and rate adjustments which digress, to some extent, from the percentage principle of rate construction as applied to classified traffic or general commodities.

As a general proposition, from the railroad traffic manager's standpoint, the rates should be, and usually are, established which will insure each division of the traffic yielding its proportion of the transportation expense and which at the same time will permit an unrestricted movement and the widest competition.

This has been called "making rates what the traffic will bear," and while this phrase has acquired some bad repute, there seems to be no term that so adequately fits the case. According to W. M. Ackworth, this phrase translated into railway language means this:

> The total railway revenue is made up of rates which, in the case of traffic unable to bear a high rate, are so low as to cover hardly more than actual out-of-pocket expenses which, in the case of medium-class traffic, cover both out-of-pocket expenses and a proportionate part of the unapportioned cost and which finally, in the case of high class traffic, after covering that traffic's own out-of-pocket expenses, leaves a large and disproportionate surplus available as a contribution towards the unap-

portioned expense of the low-class traffic, which such traffic itself could not afford to bear. This, in principle and outline, is the system of charging what the traffic can bear. It is a system which (the point must be reiterated) is, always has been, and, as far as we can see, always must be, adopted on all railways whether they be state enterprises or private undertakings. It is a system to the interests of the public because traffic is thereby made possible which could not come into existence at all if each item of traffic was required to bear not only its own direct expenses but its full share of all the standing charges.

Stated in other words, if the rates applicable on grain, grain products, dairy products, live stock, and iron and steel and articles manufactured therefrom were adjusted on a simple distance scale, increasing in some relation as the distance increases, or if bulk and weight of articles were made the basis of charging, the rates thus obtained would become prohibitive and preclude the possibility of the movement and the marketing of these commodities from the more remote districts. A rate must be fixed for each commodity at which it will move. Rates on grain must be so adjusted as to insure to the farmer a return for his labors and to make the raising of grain attractive and still enable it to be traded and sold at primary markets in competition with grain from districts more advantageously situated. If the rate on agricultural products were the same per ton as the rate on cutlery, not a bushel of wheat would move any great distance by rail for export. This fact was recognized in the shipping industry long before railroads were thought of.[1]

So we find that many of the commodities which according to their nature are highly competitive need low rates to influence their movement and that special commodity rates or rate adjustments have been established by the carriers in Official Classification and other classification territories.

[1] See Anthony Van Wagman's *Government Ownership of Railways*

The construction of rates on grain and grain products, live stock and dressed meats, and iron and steel and articles manufactured therefrom will be taken up as representative of the construction of rates applicable on these specific commodities.

Grain and Grain Products.—In taking up this adjustment, it is appropriate to attempt some general definition of this term, and while there is some discrepancy in the existing list of articles taking these rates or assigned to these groups, the term "grain" is usually defined as follows:

Barley	Milo-Maize
Buckwheat	Oats
Corn	Rye
Corn, Kaffir	Speltz
Corn, Pop	Wheat

The term "grain products" is applied to the products of the above mentioned grains, or combinations thereof with each other, or with other foodstuffs of which grain is in the largest proportion, such as the following:

Avena	Farina	Grits	Sprouts, Malt
Barley, Sprouted	Feed, Oat	Hominy	Starch
Bran	Feed, Wheat	Malt	Wheat, Cracked
Cerealine	Flakes, Brewers'	Middlings	Wheat, Crushed
Corn, Cracked	Flour	Oatmeal	Wheatboro
Cornmeal	Food, Algrain	Oats, Rolled	Wheatlet
Cream of Barley	Food, Ralston's	Postum Cereal	Wheat, Rolled
Cream of Wheat	Golden Harvest	Ship Stuff	
Farinose	Grape Nuts	Shorts	

Many tariffs also make a further division of this traffic by enumerating certain by-products of grain. It is stated that a bushel of wheat, for example, will yield but 40 pounds of flour and the refuse, after the grinding in the form of chaff, hulls, etc., has a much lower value than the product of the kernel of the grain and consequently needs rates that are somewhat less in order to enable it to move. These by-products are in many cases combined with other products and commodities in

the preparation of stock food, and articles such as these comprise a greater percentage of the present by-products of grain. Representative items are as follows:

Bran, Flax	Feed, Glucose	Meal, Alfalfa
Bran, Rice	Feed, Gluten	Meal, Calf
Chaff, Rice	Feed, Mixed Live Stock	Meal, Cob
Cottonseed Hulls	Feed, Poultry or Pigeon	Meal, Gluten
Dextrine	Feed, Triangle-Calf	Screenings, Flax
Feed, Alfalfa	Flour, Foundry	Shives, Flax
Feed, Alfalmo	Grain, Brewers' Dried	
Feed, Flax	Grain, Distillers' Dried	

In other territories, it frequently happens that the by-products and grain products are grouped together under the grain products. However, in the Official Classification Territory, for some time the practice has been to make a distinction with respect to grain products and grain by-products.

For a number of years, the grain and grain products movement has exceeded one million tons per annum, a large proportion of which moves from or through Central Freight Association Territory to Trunk Line and New England territories both for domestic consumption and for export.

Within recent years, the lateral lines serving the gulf ports and tapping the wheat belt in the western states have, by the installation of immense warehouses and improved terminal facilities, succeeded in attracting a considerable portion of this business to their routes with the result that the present day basing rates from Central Freight Association Territory to New York are lower than the normal rates have been for years past.

To assist the reader in following the adjustment through, Map 8 has been incorporated in the *Atlas of Railway Traffic Maps*. This map shows the adjustment of rates on grain and grain products in effect at the present time. The group relationship formerly used in establishing rates from points west of the numbered groups has

been abandoned and rates from such points are constructed by the addition of specific arbitraries to the Chicago reshipping rate as hereinafter described.[9]

So far as the territory lying east of the Indiana-Illinois state line is concerned, the rates shown in the various groups are those applicable on shipments of domestic grain from points within these groups to New York.

In establishing the rates from various points of origin the rates made from Chicago are used as a basing factor, and representative rates applying on grain and grain products are reproduced in Table 25.

TABLE 25

RATES IN CENTS PER 100 POUNDS ON GRAIN AND GRAIN PRODUCTS IN CARLOADS FROM GROUPS 1-15 (MAP 8) TO NEW YORK

To New York from	Grain		Grain Products		
	Domestic	Export net	Domestic	Export except flour	Export flour
Groups A, B, C, and points west thereof...		Specific	Rates		
Group 1	24	22.5	24.5	24.5	23.5
Group 2	23	21.5	23.5	23.5	22.5
Group 3	23	21.5	23.5	23.5	22.5
Group 4	24	22.5	24.5	24.5	23.5
Group 4-A	①	①	①	①	①
Group 5	23	21.5	23.5	23.5	22.5
Group 6	21.5	20	22.5	22.5	21.5
Group 7	20.5	19	21	21	20
Group 8	20	18.5	20.5	20.5	19.5
Group 9	18.5	17	19.5	19.5	18.5
Group 9-A	20	18.5	20.5	20.5	19.5
Group 9-B	19.5	18	20	20	19
Group 10	18	16.5	18.5	18.5	17.5
Group 11	17.5	16	18	18	17
Group 12	16.5	15	17	17	16
Group 13	21	19.5	21.5	21.5	20.5
Group 14	20	18.5	20.5	20.5	19.5
Group 15	19.5	18	20	20	19

① Rates to New York City are based on percentages (named on Map 6) of the basing rates named in this section from group 1.

[9] Page 195.

In the above table, we have incorporated the rates from the various groups lying east of the Indiana-Illinois state line, having omitted those applying from groups west of it owing to the lack of any system that could be employed to give a general synopsis of rate construction from that territory.

From the more important points (as may be determined by applying the percentages indicated on Map 6) rates obtaining under the grain and grain-products adjustment are not widely different from those that would obtain were the percentage principle applied. For example the rates on domestic grain from Springfield, Ohio, to New York, N. Y., is 20 cents. The rate, if the regular basis of the 82 per cent of the Chicago to New York rate were applied, would be 20 cents.

Likewise, the rate on domestic grain from Columbus, Ohio, to New York is only 18.5 cents, while 77 per cent of the domestic grain rate of 24.5 from Chicago to New York is 18.86 cents which, under the rule for the disposition of fractions is construed as 19 cents. Thus, usually, we have a rate that is slightly lower than that obtaining under the application of the percentage principle, although in some instances the reverse condition might obtain.

The rate from Indianapolis, Ind., on grain to New York is 21.5 cents, while 93 per cent of the Chicago rate is 23 cents. The Indianapolis group in the grain adjustment, it may be observed, includes roughly both 90 and 93 percentage group points of the class-rate and commodity-rate adjustments set forth on Map 4. Even 90 per cent of the Chicago rates, however, would be 22 cents.

Taking a few specific points west of the Indiana-Illinois state line, we find that the same principle has been applied. The rate from Peoria, Ill., is 26.5 cents, while 110 per cent of the Chicago rate is 27 cents. The

rate from Springfield is only 26.5 cents, while 113 per cent of the Chicago rate is 27.5 cents. The rate from Quincy, Ill., is 28.5 cents while 117 per cent of 24.5 cents is 28.5 cents. These examples indicate that the grain rates are not widely different from those that would obtain were they on the regular percentage basis. The examples also indicate that the rates are, as a rule, slightly lower than they would be if they were on the regular eastbound percentage basis applicable to class and general commodity traffic.

In general, the rates from points lying west of group 1 are made by the addition of arbitraries, usually called "specifics" to the reshipping rates applicable from Chicago to New York.

The reshipping rates on grain from Chicago to New York are 19.5 cents for domestic traffic and 18 cents for export traffic. The reshipping rates on grain products from Chicago to New York are 20 cents for domestic traffic, 20 cents for grain products (except flour) for export, and 19 cents for export flour. These reshipping rates from Chicago to New York plus the specifics above mentioned make the rates from the territory lying west of group 1 to eastern destinations.

The rates from groups 1 to 15 to New York are not adjusted on a fixed basis but established individually by the carriers operating east of the Indiana-Illinois state line, the current rates closely approximating the regular percentage basis, observing as maximum rates, such rates as are established from the territory on and west of the Indiana-Illinois state line.

To Eastern Base Points Other Than New York

Having determined the proper rates to employ from the various groups of origin to New York, the rates to other eastern base points which are made with

relation to those rates are now presented for consideration, the current basis being set forth in Table 26.

TABLE 26

BASIS FOR RATES ON GRAIN AND GRAIN PRODUCTS FROM GROUPS ON MAP 8 TO EASTERN GROUPS

Item	To Eastern Groups	From Groups on Map 15	Basis for Rates in Carloads [1]
1	Boston, Mass.	All groups	Domestic, 2 cents over New York Export, same as New York
2	Rockland, Me.	All groups	Boston rates but not less than from Cleveland, Ohio, to Boston
3	Stanstead, Que.	All groups	Boston rates but not less than from Toledo, Ohio, to Boston
4	Philadelphia, Pa.	All groups	Cents under New York rates: domestic grain and grain products, also export grain products except flour, 2; export grain and flour, 1[2]
5	Baltimore, Md.	All groups	Cents under New York rates: domestic grain and grain products, also export grain products except flour, 3; export grain, 1½; flour, 2[2]
6	Albany, N. Y.	West of group 1 1-15	Specifics over rates from Chicago 96% of New York rates
7	Utica, N. Y.	West of group 1 4-A, 15 1-4, 5-8 9-A, 9-B, 13, 14 9, 10, 11 12	Specifics over rates from Chicago 91 90 87 83 % of New York rates
8	Syracuse, N. Y.	West of group 1 4-A 1-4, 5-8 9-A, 9-B, 13-15 9, 10, 11 12	Specifics over rates from Chicago 84 80 76 74 % of New York rates[3]
9	Rochester, N. Y.	West of group 1 4-A 1-4, 5-8 9-A, 9-B, 13-15 9, 10, 11 12	Specifics over rates from Chicago 76 74 68 63 % of New York rates[3]
10	Cumberland, Md.	All groups	½ cent under Baltimore rates but not less than rates to Johnstown
11	Belington, Elkins, W. Va.	All groups	Cumberland rates but not less than from Columbus, Ohio, to Cumberland, subject to minimum rate of 10.8 cents per 100 pounds

TABLE 26—Continued

BASIS FOR RATES ON GRAIN AND GRAIN PRODUCTS FROM GROUPS ON MAP 15 TO EASTERN GROUPS

ITEM	TO EASTERN GROUPS	FROM GROUPS ON MAP 15	GENERAL BASIS FOR COMMODITIES
12	Virginia Cities	Points in footnote 5 Table 22	Baltimore rates but not less than from Columbus, Ohio, to Baltimore
		Other points	Baltimore rates

[1] The rates from groups on Map 8 to New York are shown in Table 25, and the basis for these rates is explained on pages 186-190. The sixth-class rate from groups on Map 6 to eastern points is the maximum.
[2] Except that from Buffalo, N. Y., Erie, Pa., and West Fairport, Ohio, to Baltimore and Philadelphia on ex-lake grain from differential territory for export rates should not exceed two-tenths of 1 cent per bushel on barley and oats, and three-tenths of 1 cent per bushel on wheat, corn, and rye.
[3] Baltimore rates are the minima to Rochester and Syracuse.

To Boston, Mass.—As reflecting the adjustment employed in establishing class and general commodity rates, it will be found that the rates on domestic traffic are 2 cents per one hundred pounds on both grain and grain products higher than the rates currently in effect from the same point of origin to New York.

On export traffic, however, the arbitrary is waived and the port of Boston is accorded the same rates as may be established to New York. This procedure places these points on an equality in so far as freight rates are concerned, and the additional haul required in reaching Boston is offset to some degree by slightly lower rates obtaining for ocean carriage applying therefrom.

Under the domestic adjustment, a rate from Indianapolis, Ind., would first be made by constructing the rate to New York as previously given, and to this rate would be added 2 cents, resulting in a through rate of 23.5 cents.

Rockland, Me., and Stanstead, Que.—Neither of these groups include any point on the seaboard through which traffic may be exported or imported. Consequently, the

domestic adjustment of rates only is shown in the table, the basis being that such rates as are authorized to Boston are to be applied to Rockland and Stanstead, observing to Rockland such rates as may be established from Cleveland (a 71 per cent point), and to Stanstead such rates as may be established from Toledo (a 78 per cent point) to Boston, Mass., as minimum rates.

Philadelphia, Pa.—The export rates on grain and flour to Philadelphia are made 1 cent per 100 pounds under the rates on corresponding commodities from the same points of origin to New York. On domestic grain and grain products, also on export grain products except flour, the regular Philadelphia commodity differential of 2 cents under the New York rate is applied.

From percentage territory, this will result in lower rates to Philadelphia than to New York or Boston. These rates are designed to enable this city to attract a proportion of this important traffic and to offset the disadvantage possessed by Philadelphia because of its location with respect to ocean traffic.

Baltimore, Md.—From percentage territory to Baltimore, the export rates on grain are 1½ cents and on flour 2 cents per 100 pounds under the rates to New York from the same points of origin. Rates on domestic grain and grain products, also export grain products except flour, are the usual Baltimore differential of 3 cents per 100 pounds under the New York rates.

Albany, N. Y.—From the territory lying west of group 1, the rates to Albany are adjusted by the addition of specifics as established from the various points of origin to the reshipping rates which apply from Chicago.

The rates from the other numbered groups are on the basis of 96 per cent of the current New York rate from the same point of origin.

rates from points in the territory lying west of group 1. The reshipping rates from East St. Louis, Ill. (Table 27) are uniformly 3 cents over the reshipping rates from Chicago to New York while the reshipping rates from Peoria are 1½ cents per 100 pounds over the Chicago reshipping rates.

There are also reshipping rates applicable on ex-lake grain, that is, grain arriving at these lake ports from the west and northwest by vessel, for example, from Buffalo, N. Y., and Toledo, Ohio. The Toledo rates are to Buffalo reshipping rates as 78 is to 60 or 130 per cent of the Buffalo rate.

The Chicago reshipping rates apply from all stations within the city limits and from Chicago district stop-over points on shipments originating at points west of the west bank of the Mississippi River and at all points north of the Illinois-Wisconsin state line and west and north of Lake Michigan from which through rates are not in effect.

TABLE 27

RESHIPPING RATES IN CENTS PER 100 POUNDS ON GRAIN AND GRAIN PRODUCTS IN CARLOADS FROM CHICAGO, PEORIA, AND EAST ST. LOUIS TO NEW YORK

To New York from	Grain		Grain Products		
	Domestic	Export net	Domestic	Export except flour	Export flour
Chicago	19.5	18	20	20	19
Peoria	21	19.5	20	20	19
East St. Louis	22.5	21	23	23	22

The reshipping rates named from East St. Louis are published from East St. Louis, Ill., St. Louis, Mo., Hannibal, Mo., and Louisiana, Mo., and apply on shipments from all originating points beyond, from which through rates are not in effect.

The reshipping rates from Peoria apply from that point, also from Pekin, Ill., on shipments originating at points west of the west bank of the Mississippi River and also at points north of the Illinois-Wisconsin state line and west and north of Lake Michigan, from which no through rates are in effect. On grain and grain products from points west of the west bank of the Mississippi River and located north and west of a line drawn via the Chicago, Milwaukee & St. Paul Railway, via Sabula, Ia., to Tama, Ia., and thence via the Chicago and North Western Railway to Council Bluffs, Ia., the rates via Peoria to points east of the western termini of the eastern trunk lines are the same as current via Chicago on the basis of the local rates to Chicago plus the reshipping rates therefrom.

On shipments from the northwest to eastern groups, the through rates via the west bank of Lake Michigan ports, Mackinaw City, and Manistique, Mich., are the same as via Chicago. The reshipping rates from Milwaukee, Kewaunee, Manitowoc, and Marinette, Wis., and Menominee and Mackinaw City, Mich., on shipments forwarded via routes across Lake Michigan are the same as from Chicago.

From Manistique, Mich., the reshipping rates are 1 cent in excess of the rates from Chicago. The reshipping rates published on grain and grain products from Milwaukee, Wis., via routes across Lake Michigan, apply also via Chicago or via Chicago Junctions. The same arbitraries and percentages apply to the eastern groups on all through rates on grain and grain products, that is, the arbitraries and percentages shown in Table 26 apply on rates from groups on Map 8 and also on through rates from points west of these groups.

The purpose that these reshipping rates are designed to serve (and they serve it well) is to equalize through rates from points beyond, and to enable the grain to be

stopped in transit at some convenient point where it milled and the product reforwarded at a reasona through rate, which is materially less than the rate tl would be applied were a combination of full local ra to and from the milling points exacted.

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CHAPTER XVI

ALL-RAIL RATES EASTBOUND—Continued

SPECIFIC COMMODITY ADJUSTMENT—Continued

(a) Adjustment from the 60 Per Cent Group

From Table 22 it will be observed that under the bases for rate construction as concerned with the 60 per cent group, varying percentages are indicated to apply therefrom. This is occasioned by the fact that via some of the more indirect routes and from some of the more distantly located points in the groups exceptions have been taken from the use of the lowest adjustment of rates applying therefrom and via such routes and from such points a somewhat higher basis has been established.

It is not desirable in a treatise of this character to exemplify the many specific adjustments that are established by the carriers from points in this group. One may be taken as representative of the others.

For this purpose, the author has selected stations lying west of Buffalo to Erie, Pa., inclusive, on the line of the New York Central Railroad, formerly the Lake Shore & Michigan Southern Railroad, also the division taking in Oil City, Pa., and stations on the Lake Erie, Franklin & Clarion Railroad. The stations on the latter line are assigned to the Clarion, Pa., group, the Waterson, Pa., group, and the Holden, Pa., group.

The subdivision of this group, in so far as this par-

ticular territory is concerned, takes among others the following stations, which are the most important:

Station	Group	Station	Group
Brocton, N. Y.	1	Irvineton, Pa.	2
Butler, Pa.	2	Jamestown, N. Y.	1
Clarion, Pa.	5	Mayville, N. Y.	1
Corry, Pa.	2	Meadville, Pa.	4
Dayton, N. Y.	1	North East, Pa.	3
Dunkirk, N. Y.	1	Oil City, Pa.	4
Erie, Pa.	2	Orient, Pa.	2
Falconer Junction	1	Titusville, Pa.	4
Franklin, Pa.	4	Union City, Pa.	2
Holden, Pa.	7	Waterson, Pa.	6
Westfield, N. Y.	1		

In Table 28 is set forth the current bases applied in establishing the rates from points in this subdivision to the principal eastern seaboard and interior base points.

In the application of these formulas it is necessary that the rates from the various base points to New York be kept in mind, as the rates to other eastern destinations are made with respect thereto. The first item of the table, for example, indicates that the rates to Boston are (in the case of each point of origin) the same differentials over New York rates. The rates from Dunkirk to Boston would be made by first taking 60 per cent of the Chicago-New York rates, obtaining the following:

Classes	1	2	3	4	5	6
Rates	54	47.5	36	25	21.5	18

to which the arbitraries are added, resulting in the following scale:

Classes	1	2	3	4	5	6
Rates	59	51.5	39	28	24	20

This does not mean that the rates from all points of origin to Boston are the same, for, under the formula for the construction of rates from the Clarion group, it will be found that the rates from Oil City to New York (which are made 60 per cent of the Chicago-New

York rates) are used and certain arbitraries are added thereto; this results in the following scale:

Classes	1	2	3	4	5	6
Rates	61.5	55	43.5	31.5	27	22

The addition of the Boston arbitraries makes the scale from Clarion to that point as follows:

Classes	1	2	3	4	5	6
Rates	66.5	59	46.5	34.5	29.5	24

To Rockland, Me., and Stanstead, Que., the same minimum rates are observed as from other percentage groups, namely, the rates from 71 per cent points to Boston are held as minima to Rockland, and the rates from 78 per cent points to Boston are applied to Stanstead.

Philadelphia, Pa., Baltimore, Md., and Points Basing Thereon.—In each instance, Philadelphia and Baltimore are conceded differentials under such rates as are established to New York. These differentials, however, are not always the same, as will be observed by comparing those applying in connection with Dunkirk and North East, Pa., where Baltimore takes the same differentials as Philadelphia, these stations thus being put on a parity in so far as transportation rates from these points are concerned. Note should be made of the exception of the route via the Baltimore & Ohio Railroad or the Western Maryland Railway. This route requires a higher scale of rates, as is shown in the tables.

To Albany and Points Basing Thereon.—In constructing these and the rates to interior base points subsequently discussed, the application of the double percentage is involved, as follows: (1) the ascertainment of the rate to New York and (2) the application of the authorized percentage of the New York rate indicated

in the table. These percentages vary, as will be noted; that obtaining in the Dunkirk, N. Y., adjustment is 85 per cent, that in the Erie, Pa., adjustment 92 per cent, and that in the Clarion, Pa., adjustment 100 per cent.

As an example, were it desired to construct the rates from Erie, Pa., to Albany, it would be necessary in the first instance to construct the rates from Erie, Pa., to New York. Item 2 of Table 28 indicates that these rates are made on the basis of 60 per cent of the Chicago-New York rates which are as follows:

Classes	1	2	3	4	5	6
Rates	54	47.5	36	25	21.5	18

and 92 per cent of these figures, would produce the following:

Classes	1	2	3	4	5	6
Rates	49.5	43.5	33	23	20	16.5

These are the rates currently in effect from Erie and Erie rate points to Albany and Albany rate points.

From Clarion, Waterson, and Holden, the rates to Albany are made the same as the rates obtaining from those points of origin to New York.

To Syracuse and Points Basing Thereon.—So far as main line groups are concerned, the rates to Syracuse are made under the same principle as employed in the construction of rates to Albany, the percentage employed being somewhat less than that used in making rates to Albany.

From Clarion, Waterson, and Holden, there is no fixed basis to be used in establishing rates. Such rates as are published are made by the individual lines, observing as maximum the rates applying from and to more distant groups.

To Rochester, N. Y., Emporium, Pa., and Points Basing Thereon.—In this case, as in the adjustment from per-

centage groups west, the rates from the 60 per cent group are established on either a percentage basis or on an arbitrary basis, using the rate to Buffalo as a factor, retaining the highest rate.

Taking Erie, Pa., as a representative point of origin, the rates to New York which are 60 per cent of the Chicago-New York rates, are as follows:

Classes	1	2	3	4	5	6
Rates	54	47.5	36	25	21.5	18

and 62 per cent of this scale would be as follows:

Classes	1	2	3	4	5	6
Rates	33.5	29.5	22.5	15.5	13.5	11

The rates from Erie to Buffalo are as follows:

Classes	1	2	3	4	5	6
Rates	33.5	28.5	22.5	17	11.5	9.5

The addition of the arbitraries indicated in the basis, results in the following combination:

Classes	1	2	3	4	5	6
Rates	37.5	31.5	24.5	19	12.5	10.5

It will be observed that on the Buffalo combination, Classes 5, and 6, are less than under the percentage adjustment. For Classes 1, 2, 3, and 4, however, rates based on the combination are higher. The result is that a compromise scale is effected by retaining the highest rates obtained under the respective formulas, which produces the following scale to be applied from Erie, Pa., to the Rochester group:

Classes	1	2	3	4	5	6
Rates	37.5	31.5	24.5	19	13.5	11

In some cases, the scale of class rates to Buffalo, used as a factor in constructing the rates to Rochester, is not the same as the scale of class rates which applies from

point of origin to Buffalo, proper. For example, the class rates applicable from North East, Pa., to Buffalo, proper, are as follows:

Classes	1	2	3	4	5	6
Rates	31.5	27	21	16	11	9

At the same time, and in the tariff which contains the class rates published to Rochester, N. Y., a different scale of rates is named to Buffalo, for example, as to North East, the scale is that shown in Table 29. The application of this latter scale is taken care of in the tariff by a note which provides that it is to be used only for basing purposes in connection with points taking arbitraries higher (as is the case with Rochester).

For the purpose of illustration, to enable those who so desire to work out the individual rates to the various points of origin, current rates published from several of the base points to various eastern destinations have been reproduced in Table 29.

TABLE 29

CONSTRUCTION OF RATES FROM 60 PER CENT TERRITORY TO EASTERN BASING POINTS

From	To	Rates in Cents per 100 Pounds					
		Classes					
		1	2	3	4	5	6
Group 1 Dunkirk, N. Y.	Boston, Mass.	59	51.5	39	28	24	20
	New York, N. Y. .	54	47.5	36	25	21.5	18
	Philadelphia.Pa.[1] Baltimore, Md.[2]	48	41.5	34	23	19.5	16
	Albany, N. Y.....	46	41.5	33	21.5	18.5	15.5
	Utica, N. Y.....	43	38	29	20	17	16
	Syracuse, N. Y....	40.5	35.5	27	19	16	13.5
	Rochester, N. Y...	29.5	26	20	14	12	10
	Emporium, Pa....	32.5	28.5	21.5	15	13	11
	Cumberland, Md..	53	46.5	35	24	20.5	17
	Pittsburgh, Pa....	48.5	41	32.5	24.5	17	13.5
	Buffalo, N. Y.....	26.5	22.5	18	13.5	9.5	7.5

TABLE 29—Continued

CONSTRUCTION OF RATES FROM 60 PER CENT TERRITORY TO EASTERN BASING POINTS

From	To	Rates in Cents per 100 Pounds					
		Classes					
		1	2	3	4	5	6
Group 2 Erie, Pa.	Boston, Mass.	59	51.5	39	28	24	20
	New York, N. Y.	54	47.5	36	25	21.5	18
	Philadelphia, Pa. / Baltimore, Md.[3,4]	48	41.5	34	23	19.5	16
	Albany, N. Y.	49.5	43.5	33	23	20	16.5
	Utica, N. Y.	43	38	29	20	17	16
	Syracuse, N. Y.	40.5	35.5	27	19	16	13.5
	Rochester, N. Y. / Emporium, Pa.	33.5	29.5	22.5	15.5	13.5	11
	Cumberland, Md.	46	39.5	33	22	18.5	15
	Pittsburgh, Pa.	45	38.5	30	22.5	16	12.5
	Buffalo, N. Y.	33.5	28.5	22.5	17	11.5	9.5
Group 3 North East, Pa.	Boston, Mass.	59	51.5	39	28	24	20
	New York, N. Y.	54	47.5	36	25	21.5	18
	Philadelphia, Pa.[1] / Baltimore, Md.[3]	48	41.5	34	23	19.5	16
	Albany, N. Y.	49.5	43.5	33	25	20	16.5
	Utica, N. Y.	43	38	29	20	17	16
	Syracuse, N. Y.	40.5	35.5	27	19	16	12.5
	Rochester, N. Y. / Emporium, Pa.	33.5	29.5	22.5	15.5	13.5	11
	Cumberland, Md.	53	46.5	35	24	20.5	17
	Pittsburgh, Pa.	48.5	41	32.5	24.5	17	13.5
	Buffalo, N. Y.	31.5	27	21	16	11	9
Group 4 Oil City, Pa.	Boston, Mass.	59	51.5	39	28	24	20
	New York, N. Y.	54	47.5	36	25	21.5	18
	Philadelphia, Pa.	48	41.5	34	23	19.5	16
	Baltimore, Md.	46	39.5	31	20	16.5	16
	Albany, N. Y.	49.5	43.5	33	25	20	16.5
	Utica, N. Y.	46	40.5	30.5	21	18.5	15.5
	Syracuse, N. Y.	42	37	28	19.5	17	14
	Rochester, N. Y. / Emporium, Pa.	49	41.5	32	24.5	17.5	14
	Cumberland, Md. / Pittsburgh, Pa.	46	39.5	33	22	18.5	15
	Buffalo, N. Y.	45	38.5	30	22.5	16	12.5
Group 5 Clarion, Pa.	Boston, Mass.	66.5	59	46.5	34.5	29.5	24
	New York, N. Y.	61.5	55	43.5	31	27	22
	Philadelphia, Pa.	55.5	49	41.5	29	25	20
	Baltimore, Md.	53.5	47	40.5	28	24	19
	Albany, N. Y.	61.5	55	43.5	31	27	22
	Utica, N. Y.	56.5	60	42.5	30	25.5	21
	Syracuse, N. Y.	51	45	25.5	22.5	19	
	Rochester, N. Y. / Emporium, Pa.	52	46	36.5	26.5	23	19.5
	Cumberland, Md.	54.5	48	41.5	29	24.5	20
	Pittsburgh, Pa.	43.5	37.5	28	19.5	17	14.5
	Buffalo, N. Y.	51	44.5	35	25	21	17.5

TABLE 29—Continued

Construction of Rates from 60 Per Cent Territory to Eastern Basing Points

From	To	Rates in Cents per 100 Pounds					
		Classes					
		1	2	3	4	5	6
Group 6 Waterson, Pa.	Boston, Mass.	66.5	59	46	34	28.5	23
	New York, N. Y..	61.5	55	43	31	26	21
	Philadelphia, Pa..	55.5	49	41	29	24	19
	Baltimore, Md. ...	53.5	47	40	28	23	18
	Albany, N. Y.....	61.5	55	43	31	26	21
	Utica, N. Y.....	55.5	49	41	29	24	19
	Syracuse, N. Y...	52	46	36	26	22.5	18
	Rochester, N. Y. / Emporium, Pa..	52	46	36	26	22.5	18
	Cumberland, Md...	54.5	48	41	28.5	24	18.5
	Pittsburgh, Pa. ...	43.5	37.5	28	19.5	17	14.5
	Buffalo, N. Y.....	51	44.5	34.5	24.5	20.5	16
Group 7 Holden, Pa.	Boston, Mass.	65.5	58	45	33.5	28	23
	New York, N. Y...	60.5	54	42	30.5	25.5	21
	Philadelphia, Pa..	54.5	48	40	28.5	24.5	23
	Baltimore, Md. ...	52.5	46	39	27.5	22.5	18
	Albany, N. Y.....	60.5	54	42	30.5	25.5	21
	Utica, N. Y.....	55	48.5	41	29	24.5	19.5
	Syracuse, N. Y...	50	44	34.5	21	18	28
	Rochester, N. Y. / Emporium, Pa...	50.5	44.5	35	25.5	22	18
	Cumberland, Md...	53	46.5	40	28	23.5	18.5
	Pittsburgh, Pa. ...	43.5	37.5	28	19.5	17	14.5
	Buffalo, N. Y.....	49.5	43	33.5	24	20	16

[1] Via B. & O. R. R. and Wn. Md. Ry., rates are as follows:

Classes	1	2	3	4	5	6
Rates	58	50	38	26	22	18

[2] Via B. & O. R. R. and Wn. Md. Ry., rates are as follows:

Classes	1	2	3	4	5	6
Rates	57	49	37	25	20	17

[3] These rates do not apply in connection with B. & O. R. R. or Wn. Md. Ry.

[4] Via B. & O. R. R. and Wn. Md. Ry., rates are as follows:

Classes	1	2	3	4	5	6
Rates	45	38	32	22	18	15

CHAPTER XVII

ALL-RAIL RATES EASTBOUND—Continued

Specific Commodity Adjustments—Continued

(a) Live Stock and Dressed Meat Rates

In this adjustment we have an example in which is shown the competition of commodities since any considerable increase in the rates or bases for rates on dressed meat not followed by a corresponding increase with respect to live stock rates, in all probability, would impair the meat packing industry at a given point by favoring the shipment of animals on the hoof or vice versa.

Consequently, an adjustment has to be built to enable abattoirs and packing houses at Indianapolis, Ind., Cincinnati, Ohio, and other eastern points to draw the cattle in from western ranges and to slaughter and distribute their products in competition with the great industries in this line at Chicago, St. Louis, and Missouri River points.

The transportation of live stock involves many considerations that do not have to be taken into account in the transportation of other freight. In the first place, special equipment is required for the accommodation of the stock which, as a rule, moves in one direction necessitating the return of the empty car to the loading point. In the second place, a very expeditious service is essential in order to enable the stock to be transported to market and disposed of with as little delay as pos-

sible. In the third place, free transportation is generally given to one or more attendants to look after, water, and feed such stock while in transit, and frequently return transportation is given the attendant as well. In the fourth place, the federal requirement that stock is not to be confined in cars for periods in excess of 28 hours, frequently necessitates the stopping of the stock in transit, short of the ultimate destination, for unloading, rest and water, which entails more or less expense. Most of these factors are eliminated in the transportation of dressed meats and meat products with the exception of an expedited service.

Concurrent with the general advance in rates in Official Classification Territory, changes were suggested in the basis obtaining heretofore for the construction of rates on live stock and dressed meats, and in the following pages the one adopted is set forth and, having been approved by the Commission, bids fair to stand for some time to come. The rates on dressed meats and packing-house products from Chicago to New York at the present time are shown in Table 30. These rates apply from all points in the 100 per cent group to New York and New York rate points and are used as a basing factor in establishing rates from other percentage groups to points in Trunk Line and New England territories.

As was the case with grain products, the list of packing-house products is quite diversified and includes many items, and as such, in several publications are included dried-chipped beef, boneless chicken, canned corned beef, extract of beef, lard, oleo, pigs feet (canned or pickled), roast beef canned, sausages of various kinds, soups, tallow, roast chicken and roast turkey

canned, also various dried salted meats and sweet pickled meats and in general, except where specific commodity rates are authorized, they are on a basis of the existing fifth-class rate, as provided in the current Official Classification.

TABLE 30

Rates on Dressed Meats, Packing-House Products, and Live Stock from Chicago to New York as Bases for Rates from Percentage Points on Map 6 to Points in Trunk Line and New England Territories

Commodities in Carloads	Minimum Weights	Rates (Notes 2 and 3)
Dressed beef, hogs, and sheep	21,000 lbs.	55
Live stock, viz:		
Cattle	21,000 lbs.	38
Calves, double-deck	21,000 "	38
Calves and hogs, single-deck	17,000 "	43.5
Goats and sheep, single-deck	14,000 "	47.5
Goats, double-deck	18,000 "	38
Sheep and lambs, double-deck	18,000 "	38
Hogs, double-deck	22,000 "	38
Horses and mules	(1)	74

[1] As per Official Classification or current tariffs of exceptions thereto.

[2] Except for rates on horses and mules, the following rule (which constitutes an exception to the general rule) will govern the disposition of fractions in computing rates: When a fraction is .25 or less than .25 of a cent, omit it; when more than .25 and .75 or less, assume it to be ½ cent; and when more than .75, assume it to be 1 cent.

For horses and mules, fractions will be disposed of as follows: When a fraction is less than .50 of a mill, omit it; when .50 of a mill, or over, increase to 1 mill.

[3] From points in Illinois, Indiana, Kentucky, and prorating points on the Mississippi River taking higher than 100 per cent of Chicago-to-New York City rates, to all points east of the western termini of eastern trunk lines, including Virginia points, rates will be made by adding the following differentials to the rates from Chicago:

From	Differentials above Chicago rates In cents per 100 lbs.
Points taking over 100% to and including 108%	2
" " " 108% " " " 110%	3
" " " 110% " " " 112%	4
" " " 112% " " " 117%	5
" " " 117% " but excluding 120%	7
" " 120%	8

There is no definite relationship at this time existing between live stock, dressed meat, and packing-house-products rates. It has been felt by the traffic officials and has been reiterated from time to time by the Commission that the rates on these commodities should bear a definite relationship to each other but the basis has not yet been worked out.

As an exception to the general adjustment of rates applicable on domestic traffic, it will be observed from Table 31 that to Boston, Mass., the rates are made the same as the New York rates.

From percentage groups lying east of the 100 per cent group, the rates are made on the authorized percentages of the New York-Chicago rates applicable from such groups—that is, the rates from Cincinnati, Ohio (an 87 per cent point), would be 87 per cent of the rates applying from Chicago, Ill., indicated in Table 30.

From percentage points west of the 100 per cent group to New York, the rates are made by the addition of arbitraries to the Chicago-New York rates, these arbitraries being indicated in the foregoing table. For example, the rates on cattle from percentage points west of the 100 per cent group to New York are 38 cents per 100 pounds as shown in Table 30, plus the arbitrary shown in footnote 3 for the respective groups lying west of the 100 per cent group as indicated on Map 6, *Atlas of Railway Traffic Maps.*

The rate on dressed beef from Peoria, Ill., a 110 per cent point, is 55 cents plus 3 cents or 58 cents. The rate on dressed beef from St. Louis, Mo., a 117 per cent point, is 60 cents, which is obtained by adding the 5 cents arbitrary indicated in footnote 3, Table 30, for the 117 per cent group, to the Chicago basing rate of 55 cents.

In the application of this adjustment, as in that for grain and grain products, the special mode of rate con-

struction, while differing in some respects, does not result in rates that are radical departures from those that would obtain under the application of the general percentage principle. The rate on sheep from Chicago to New York is 38 cents, and from St. Louis the rate is 43 cents, while 117 per cent of 38 cents yields 44.5 cents.

With reference to fractions, it is well to state that the rule employed in the live stock and dressed meat adjustment, is that when the fraction is .25 of a cent, omit it, when more than .25 and to and including .75, assume it to be ½ cent, and when more than .75, assume it to be 1 cent.

In justifying the higher rates on dressed meats and packing-house products than those applying on the animals on the hoof, it is well to call attention to the fact that while the risk of loss to the carrier by reason of damage to the stock or delay in transit, has been eliminated, the value of the same quantity has been enhanced a number of times, as pound for pound the prices on dressed meat as contrasted with the prices on live animals, are in many cases as three is to one.

To Other Eastern Base Points

In the following table are enumerated the various eastern base points and the formula for the construction of rates on live stock and dressed meat from percentage territory to other eastern groups; these rates are predicated on the rates that are established from Chicago to New York. Consequently, any change in the base rates from Chicago to New York is reflected by corresponding change in the rates to points based thereon.

TABLE 31

BASIS FOR RATES ON LIVE STOCK, DRESSED MEATS, PACKING-HOUSE PRODUCTS, PROVISIONS, ETC., FROM PERCENTAGE TERRITORY (MAP 4) TO EASTERN GROUPS (MAP 10)

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE GROUPS	BASIS FOR RATES IN CARLOADS
1	Boston, Mass.	60-120	Same as to New York from same points
2	Rockland, Me.	60-120	Same as to Boston, but not less than from Cleveland, Ohio, to Boston
3	Stanstead, Que.	60-120	Same as to Boston, but not less than from Toledo, Ohio, to Boston
4	Philadelphia, Pa.	60-120	Two cents less than from same points to New York
5	Baltimore, Md.	60-120	Three cents less than from same points to New York
6	Albany, N. Y.	60-120	Percentages of New York rates as shown in item 7, Table 22, for class rates
7	Utica, N. Y.	60-120	Percentages of New York rates as shown in item 8, Table 22, for class rates
8	Syracuse, N. Y.	60-120	Percentages of New York rates as shown in item 9, Table 22.
9	Rochester-Mt. Morris, N. Y.	66½-78	Add the following arbitraries, in cents per 100 pounds to Buffalo rates: Cattle, calves, hogs, and sheep, 2; meats, packing house products, and provisions, 2; and horses and mules, 3[1 2]
		79-120	Same basis as for class rates (Table 22)
10	Pittsburgh-Buffalo	60-120	Basis given on page 254 of this treatise
11	Grafton, W. Va.	60-120	Cents over Pittsburgh rates: Cattle and hogs, 2; dressed meats, calves, and sheep, 3; and horses or mules, 4
12	Cumberland, Md.	60	Specific rates as per tariffs
		66½-120	Same percentages of rates to New York as apply on class rates (Table 22, item 11)

TABLE 31—Continued

BASIS FOR RATES ON LIVE STOCK, DRESSED MEATS, PACKING-HOUSE PRODUCTS, PROVISIONS, ETC., FROM PERCENTAGE TERRITORY (MAP 4) TO EASTERN GROUPS (MAP 10)

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE GROUPS	BASIS FOR RATES IN CARLOADS
13	Belington-Elkins, W. Va.	60-120	Cumberland rates but not less than from Columbus, Ohio, to Cumberland, subject to minimum rate of 10.8 cents
14	Virginia Cities	60-76	On cattle and other live stock (except horses and mules) rates will be made 3 cents less than applicable to New York on basis of 76 per cent of Chicago-to-New York rates; on horses and mules, rates will not be less than those applicable from Columbus, Ohio, to Baltimore, Md., on same traffic
		77-87	On cattle and other live stock (except horses and mules) rates will be made 3 cents less than applicable to New York on basis of 87 per cent of Chicago-to-New York rates; on horses and mules, the rates to Baltimore, Md., will govern as minima, except that from points taking higher than 77 per cent of Chicago-to-New York rates which are located in the territory on and east of the N. and W. Ry., Columbus to Portsmouth, Ohio, and south of the P. C. C. & St. L. Ry., Columbus to and including Steubenville the rates will be not less than that applicable from Columbus, Ohio, to Baltimore, Md., on the same traffic
		88-120	Baltimore rates (subject to basis set forth in footnote 3 of Table 30)

[1]Should the addition of these arbitraries make higher rates from points taking 66½ per cent to 78 per cent of rates from Chicago to New York, to Rochester, etc., than apply from points farther distant, or should it make higher rates to Rochester, etc., than apply to points east of Rochester, the arbitraries shall be reduced to such an extent as not to cause higher rates from 66½ per cent to 78 per cent points to Rochester, etc., than from or to points beyond.

[2]Under the foregoing, the rates to Rochester, etc., are not to be less than rates determined by using bases shown in item 10 of Table 22.

It is hardly necessary to explain the basis for each item, as the adjustment does not differ materially from that obtaining in the case of the class rates. For this

purpose it will be sufficient to call attention to the agreements with the general basis for the construction of class rates and a few exceptions thereto.

Rates from percentage territory to Boston, Mass., Rockland, Me., and Stanstead, Que., are on a different basis than that obtaining in connection with the class-rate and general commodity-rate adjustment. On the classified and general commodity traffic, these groups take arbitraries over the New York rates, while on live stock and dressed meats the same rates apply as to New York with certain minor exceptions. The rates to Philadelphia and Baltimore are the customary differentials less than the rate currently in effect to New York, while to Albany, Utica, Syracuse, and Rochester, the same percentages of the New York rates are applied as obtain in connection with the class-rate adjustment.

CHAPTER XVIII

ALL-RAIL RATES EASTBOUND—Continued

Specific Commodity Adjustments—Continued

(a) Rates on Iron and Steel Articles

To enumerate the many articles of iron and steel manufacture which are classified fourth, fifth, and sixth class in the current Official Classification, would involve a list far beyond the scope of this treatise. It does not of course comprise such articles as are manufactured from iron and steel which have a very high value as tools, utensils, implements, etc., but on the contrary it takes in the more crude and rough items of production. A few such representative commodities, selected at random, are reproduced in the following:

Angles, Iron
Axles, Car
Bands, Hay
Beams, Brake
Beams, Iron
Bolsters, Car
Castings
Chains
Culverts
Fastenings, Rail
Ferromanganese
Ferrosilicon
Frogs, Railroad
Iron, Band
Iron, Bar
Iron, Chain
Iron, Sheet
Nails
Nuts
Pipe, Cast, Sheet, or Wrought
Plate, Boiler
Poles, Electric Wire
Rods
Shoes, Horse, Mule, or Ox
Spiegeleisen
Tubing
Weights, Bed or Elevator
Wire

In connection with the adjustment of rates employed with respect to grain and grain products and live stock and dressed meat, it should be noted that they are generally authorized and applied throughout the territory, both as to points of origin, on the one hand, and

as to points of destination, on the other, since these commodities may reasonably be inferred to move from and to any of the points therein.

As there are facilities for the working of iron at comparatively few points throughout the territory, and as the industry has, to a large extent, centered in eastern Ohio, western Pennsylvania, and New York the special iron and steel adjustments are confined in their application to these groups.

(b) Grouping of Territory

The territory above mentioned has been roughly divided into a number of groups, and the principal point therein has usually been the name assigned to the group.

The Pittsburgh group takes in some 400 points in western Pennsylvania adjacent to Pittsburgh.

The Wheeling group includes some 40 stations near Wheeling in West Virginia and Ohio.

Cleveland rates apply from some 120 points in eastern Ohio near Cleveland.

The Youngstown group takes in some 160 stations in eastern Ohio and western Pennsylvania not included in either the Cleveland or Pittsburgh groups.

The Marietta-Zanesville group includes points mentioned and some 75 additional points in eastern Ohio not embraced in any of the foregoing groups.

The Dunkirk group applies from Dunkirk and relative points, the southwestern part of New York, and the extreme northwestern part of Pennsylvania.

The rates on manufactured articles of iron and steel, also pig iron, iron and steel billetts, blooms, etc., are generally expressed, in so far as the manufactured articles are concerned, at rates in cents per 100 pounds, while the heavier commodities such as pig iron, iron and steel billets and blooms are quoted at rates, in

cents per ton at 2000 pounds or gross 2240 pounds, as indicated.

The rates on manufactured articles of iron and steel, also pig iron, iron and steel billets, blooms, etc., from percentage points shown on Map 6 to the New York group shown on Map 7 are based on the rates from Chicago to New York, except from the more important groups named above, which adjustments will subsequently be taken up.

The rates from Chicago to New York and used as basing factors are as follows:

Pig iron, mill cinder scale and ore cinder	$5.20 per gross ton
Ingot molds	5.20 " net "
Billets, blooms, scrap iron, old rails, old car wheels, chain iron, tin plate, rods, etc.	5.30 " gross "
Pig molds	5.20 " net "

The rates from percentage territory, other than the groups above mentioned, are constructed by the application of the percentages employed in connection with the general commodity-rate adjustment, both as to points of origin, other than Chicago on the one hand, and to points of destination, other than New York, on the other hand.

From the special groups, the rates are constructed under the application of an arbitrary basis, namely, from the Pittsburgh-Wheeling groups, the rates to New York are made the same as from Buffalo, with the exception that on articles taking fourth-class, fifth-class, and sixth-class rates, the rates are made 60 per cent of those obtaining from Chicago to New York.

From the Cleveland group, the rates are 3 cents per 100 pounds or 60 cents per ton higher than from Pittsburgh.

From the Youngstown group to the New York group,

the rates are 2 cents per 100 pounds or 40 cents per ton higher than from Pittsburgh.

From the Marietta-Zanesville group to the New York group, the rates are 3½ cents per 100 pounds or 70 cents per ton higher than from Pittsburgh.

The rates from Dunkirk are the Pittsburgh rates, not to exceed in any event the rates that may be established from Youngstown. This was necessitated by the application of the long-and-short-haul clause.

Under the foregoing, in computing the rates on articles of iron and steel rated per gross ton from percentage points, except those mentioned above, the following method would be employed:

The base rate from Chicago to New York is established, we will say, on a per gross ton basis, and the rate for 100 pounds is obtained by using the weight of 2000 pounds per ton as a factor and dividing the rate per ton by 20 to obtain the rate per 100 pounds, retaining the actual fractions. With this rate obtained, the rates from percentage points other than the 100 per cent group are secured by applying the proper percentages shown on Map 6, *Atlas of Railway Traffic Maps.*

A basing rate of $5.30 per gross ton on billets named from Chicago to New York is equivalent to a rate of 26.5 cents per 100 pounds. The rates from Defiance, Ohio, to New York is 85 per cent of the 26.5 cent rate from Chicago to New York which makes the rate from Defiance 22.5 cents or $4.50 per gross ton.

To Eastern Base Points Other Than New York.—In the following table there has been reproduced the current basis for the establishment of rates on iron and steel articles and articles manufactured therefrom, from a few of the representative groups. These may be taken as typical of those applying from other groups and serve, in a measure, to illustrate the general adjustment that obtains with respect to this traffic.

TABLE 32

BASIS[1] FOR RATES IN CARLOADS ON IRON AND STEEL ARTICLES FROM PITTSBURGH, CLEVELAND, YOUNGSTOWN, ETC., TO EASTERN GROUPS

From / To	Pittsburgh-Wheeling Group		Cleveland Group		Youngstown Group		Marietta-Zanesville Group	
	In cents per 100 pounds	In cents per ton	In cents per 100 pounds	In cents per ton	100 pounds In cents per	In cents per ton	In cents per 100 pounds	In cents per ton
	Iron and steel articles classified — Classes 4 5 6	Billets, pig iron, etc.	Iron and steel articles classified — Classes 4 5 6	Billets, pig iron, etc.	Iron and steel articles classified — Classes 4 5 6	Billets, pig iron, etc.	Iron and steel articles classified — Classes 4 5 6	Billets, pig iron, etc.
Albany, N. Y.	100% of rates Pittsburgh to New York	from New	2 2 2 higher than	30 Pitts-	1 1 1 higher than	20 Pitts-	3 3 3 higher than	60 Pitts-
Baltimore, Md.	3 3 3 less than to New	30 York	3 3 3 higher than	60 Pitts-	2 2 2 higher than	40 Pitts-	3½ 3½ 3½ higher than	70 Pitts-
Boston, Mass. Rockland, Me. Stanstead, Que.	3 2½ 2 higher than York ra	40 New tes	3 3 3 higher than	60 Pitts-	2 2 2 higher than	40 Pitts-	3½ 3½ 3½ higher than	70 Pitts-
New York, N. Y.	60% of Chicago to New York rates	Buffalo rates	3 3 3 higher than	60 Pitts-	2 2 2 higher than	40 Pitts-	3½ 3½ 3½ higher than	70 Pitts-
Philadelphia, Pa.	2 2 2 less than to New	20 York	3 3 3 higher than	60 Pitts-	2 2 2 higher than	40 Pitts-	3½ 3½ 3½ higher than	70 Pitts-

To	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	Billets, pig iron, etc	Iron and steel articles classified Classes 4 5 6	Billets pig iron etc	Iron and steel articles classified Classes 4 5 6	Billets pig iron etc
[illegible] N. Y. Mt. Morris, N. Y.	72% of rates, Pittsburg to New York	72%	Same as from Pittsburgh	Pitts	4 4 4 less than Pitts	10 burgh	4 4 4 higher than Pitts burgh	40 Pitts
Syracuse, N. Y.	84% of rates, Pittsburgh to New	Pitts-York	Same as from Pittsburgh	Pitts	3/10 4 10 4 10 less than from Pittsburgh	Same as from Pitts burgh	4 4 4 higher than Pitts burgh	40 Pitts
Utica, N. Y.	92% of rates, Pittsburgh to New	Pitts-York	Same as from Pittsburgh	Pitts	0 0 4 less than Pitts	10 burgh	4 4 4 higher than Pitts burgh	40 Pitts
Virginia Cities	Columbus, Ohio, to Baltimore, Md., rates	20 higher than New York	Same as from Pittsburgh	20 higher than Pitts burgh	Same as from Pittsburgh	20 higher than Pitts burgh	Same as from Pittsburgh	20 higher than Pitts burgh
Punxsutawney, Pa.	Same as to Buffalo, N. Y.		Same as to Rochester		Same as to Rochester			

This table shows the formula to be employed in making rates to certain eastern groups only. To such eastern groups as are not shown in this table, the general commodity adjustment applies from the special groups in percentage territory. However, the arbitraries over Pittsburgh rates, indicated therein, as applied to existing rates will indicate, in some cases, a disregard of this adjustment which is optional with the several carriers.

The base rate for groups in the eastern part of percentage territory to eastern groups is the rate from Pittsburgh to New York. The rates from Pittsburgh to New York are 60 per cent of those from Chicago to New York except on billets, pig iron and articles taking the same rate and articles in the special list of iron and steel articles. On the excepted articles, rates from Pittsburgh are the same as from Buffalo.

The rates from the Pittsburgh-Wheeling group are usually a certain percentage of the rates from Pittsburgh to New York. However, there are a number of exceptions to this general statement. From Cleveland, Youngstown, Marietta, and Zanesville, the rates are usually arbitraries over or under those from Pittsburgh. The details of this basis are set forth in the preceding table. In most items of the table, the rates to the eastern groups in question are either percentages of the rates from Pittsburgh to New York or arbitraries over the Pittsburgh rates.

On the application of the basis set forth in the table, representative rates from Cleveland and Youngstown, Ohio, on articles of iron and steel manufacture, classified fourth class in less than carloads, are as follows:

	Cleveland	Youngstown
New York	28	27
Boston	31	30
Philadelphia	26	25
Albany	27	26

	Cleveland	Youngstown
Utica	23	23
Syracuse	21	21
Rochester	18	17.5

The rate on new iron and steel rails which are rated per gross ton is as follows from Cleveland and from Youngstown:

	Cleveland	Youngstown
New York	$3.70	$3.50
Boston	4.20	4.00
Philadelphia	3.60	3.30
Baltimore	3.50	3.30
Albany	3.50	3.40
Utica	2.90	2.80
Syracuse	2.70	2.70
Rochester	2.30	2.20

CHAPTER XIX

DIFFERENTIAL RATES

Ocean-and-Rail and Rail-and-Ocean Rates

(a) Eastbound Rates

In railroad phraseology the arrangement of the names of the agencies employed in these routes indicates the course of the movement. A "rail-and-ocean route" means a rail haul in the first instance, and then an ocean haul, whereas the reverse order is meant by the term "ocean-and-rail route."

This service was inaugurated by the Baltimore and Virginia Cities' lines, which are the Baltimore & Ohio Railroad, the Chesapeake & Ohio Railway, the Norfolk and Western Railway, and the Southern Railway, and designed to give them an entrance into Trunk Line and New England territories and to enable them to compete with the all-rail lines serving these territories.

The principal ocean carriers engaged in this traffic are the Clyde Steamship Company, Old Dominion Steamship Company, and the Merchants & Miners Transportation Company. These carriers collectively serve the ports of Boston, Providence, New York, Philadelphia, Baltimore, Norfolk, and Newport News.

Owing to the necessity of the transfer from cars to vessel, or from dock to vessel and to the subsequent discharge from vessel to cars or docks, the time in transit considerably exceeds that of the rail lines. As thereby the element of risk is also considerably increased, the route has its disadvantages as compared with the

standard all-rail route. In order to attract tonnage it is necessary for the water-and-rail routes to establish transportation charges which are less than those that obtain via the all-rail lines.

The question as to what is a proper scale of rates to be maintained by the ocean-and-rail routes has been a very vexatious problem confronting the traffic managers of the various organizations. Out of a series of rate wars, however, the present system has evolved. The all-rail lines, conceding to the demands of the rail-and-water lines agreed to the establishment of rates which should be on fixed figures, or differentials as they are called, to the extent that the rates by the water-and-rail routes might be established under the existing all-rail rates from and to the same points. Indeed, the lines are frequently designated as "differential routes" or "differential lines." The terms so used refer to routes or lines which, on account of a slightly inferior service, are conceded rates based on differentials under existing standard all-rail rates.

The basis for rates via rail-and-ocean lines from Central Freight Association Territory to certain north Atlantic ports and to interior eastern points taking the same rates is set forth in Table 33. All the differentials are shown in Table 14, which should be consulted in this connection.

TABLE 33

BASIS FOR RATES VIA RAIL AND OCEAN FROM CENTRAL FREIGHT ASSOCIATION POINTS TO NORTH ATLANTIC SEABOARD PORTS AND INTERIOR EASTERN POINTS

Item	To Points Specified in Items	From Percentage Points	Differentials in Cents per 100 Pounds						Remarks
			Classes						
			1	2	3	4	5	6	
1	To Boston[1] and Fall River, Mass., Providence, R. I., and New York via Baltimore and Philadelphia	60–76	3	2½	2	1½	1	1	Under all-rail rates
		77–119	8	6	4	3	2	2	Under all-rail rates[2]

TABLE 33—Continued

Item	To Points Specified in Items	From Percentage Points	Differentials in Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
2	To all points specified in the heading of the table via Virginia ports.	60–119	8	6	4	3	2	2	Under all-rail rates[3]

[1] But not to Boston via Fall River or Providence.
[2] But not less than rates established from 76 per cent points.
[3] The rates to Baltimore via all rail are the minima for through rates. Except from St. Louis and other 117 per cent points. From the St. Louis group the Baltimore rates are not the minima.

The ocean-and-rail rates eastbound, it will be observed, apply via two distinct groups of points, namely, (1) Baltimore and Philadelphia and (2) the Virginia ports, including Norfolk and Newport News.

As Baltimore and the Virginia Cities are the termini of rail lines it is, of course, natural to find that no adjustment is prescribed for rates to such ports.

To New York and to the New England ports specified and to points taking the same rates, the rates are made the differentials indicated in Table 33, under the all-rail rates applicable from and to the same points.

For example, the all-rail rates from the 117 per cent group to Boston are the following New York rates:

Classes	1	2	3	4	5	6
Rates	105.5	92.5	70	49	42	35

to which are added the following differentials:[1]

Classes	1	2	3	4	5	6
Rates	7	6	5	4	3	2

resulting in the following through rates from East St. Louis to Boston via all-rail routes:

Classes	1	2	3	4	5	6
Rates	112.5	98.5	75	53	45	37

[1] Table 22, item 2.

Using the foregoing all-rail rates from East St. Louis to Boston as a basis, the rates via Baltimore or Philadelphia in connection with the ocean-and-rail lines, are established by deducting the 8-cent scale of differentials, which results in the following rates:

Classes	1	2	3	4	5	6
Rates	104.5	92.5	71	50	43	35

The same principles are employed in establishing the rates via Virginia ports, but with the proviso that rates so established must not in any event be less than the rates established to Baltimore via all-rail routes. This has the effect of making the rates (except from St. Louis, Mo., East St. Louis, Ill., and points basing thereon) the following differentials under the all-rail rates:

To	Differentials in Cents per 100 Pounds					
	Classes					
	1	2	3	4	5	6
Boston, Mass.	8	6	4	3	2	2
Providence, R. I.	8	6	4	3	2	2
New York, N. Y.	3	3	3	3	2	2
Jersey City, N. J.	3	3	3	3	2	2
Philadelphia, Pa.	1	1	1	1	1	1

As far as destinations are concerned, the base-point rates are not established to such wide zones as obtain in connection with the all-rail adjustment. To the greater part of New England, especially to interior points more distantly removed from the ports of Providence and Boston, the rates are made by the addition of certain arbitraries over the port rates, these arbitraries in some cases are the full local rates of the rail carriers serving the ports, and in other cases, they are certain amounts less than the local rates. This information is given in the guide books of these routes.

(b) Westbound Rates

On westbound traffic from New York, there are two scales of differentials in use. One scale is based on a 16.8-cent scale applicable during the open season of navigation on the Great Lakes, which causes competition that is felt by the ocean-and-rail lines to a considerable degree. The other scale is based on a 10-cent differential on first class, and is applicable when navigation is closed, and results in rates slightly higher during the winter months than those that obtain during the summer months.

Table 14 indicates the rates applicable via the various ocean-and-rail routes, and from this it may be observed that while the rates from Boston and New York to Chicago during the season of open navigation are on the same basis when navigation on the Great Lakes is closed, the rates applicable via the ocean-and-rail routes from Boston are on a 5-cent scale of differentials over the rates from New York via the same routes.

It may be said in passing, that in recent years, due to improved methods in the handling of cargo freight, the time consumed by these routes has been materially reduced and modern marine equipment has greatly minimized the opportunities for loss or damage. Consequently the lines afford a service that is but slightly inferior to that of the all-rail routes, and they have succeeded in attracting to themselves a large volume of business which formerly moved via all-rail lines at higher rates.

CHAPTER XX

DIFFERENTIAL RATES—Continued

Lake-and-Rail Rates

On the entrance of this country into the European war a large number of the lake boats were requisitioned for the Atlantic trade, consequently reducing the movement of merchandise to a minimum on the Great Lakes. Another important feature was Director-General McAdoo's order that all differential rates be removed, thus bringing the rates to the level of the all-rail routes. This naturally transferred the great bulk of freight to the railroads as there was no advantage in shipping over the slower routes. An outcry against this order was raised both by the lake carriers and the shippers, with the probability that these rates will be returned to their former status, and should therefore be very closely studied.

Navigation is possible upon the Great Lakes during the open season, when the lakes are unobstructed by ice. During this period, which usually extends from April 15 to November 15, from sixty million to one hundred million tons of freight are moved thereon. A large portion of the westbound tonnage, which is destined to and beyond western freight ports, originates at New York, Philadelphia, and Boston, and at other points in New England and Trunk Line territories.

The nature of the service, of course, is such that it attracts only such traffic for which the question of time and service is of secondary importance.

The figures shown in the following list are taken from a recent report of the United States Engineer Department.

	Receipts	Shipments
Duluth-Superior	$9,424,962	$21,247,884
Manistique	.....	278,594
Gladstone Harbor	.....	449,223
Menominee	.....	222,604
Marionette	.....	83,899
Green Bay	751,326	129,455
Sturgeon Bay	.....	571,773
Kewanee	143,584	73,282
Manitowoc	579,747	1,437,229
Milwaukee	6,224,239	1,388,002
Chicago	2,452,554	1,573,022
Calumet Harbor (South Chicago)	5,010,187	1,597,809
Buffalo	7,641,841	4,776,021

The shipments of the northern ports, such as Duluth and Superior, are confined to a greater extent to shipments of ore, grain, and grain products, and to other commodities that are peculiar to the northwest. Coal is also an item that figures in a large proportion in the lake traffic of the several ports. The following summary of the receipts at the port of Buffalo presents, however, a very diversified list of articles of commerce and may be taken as typical of those of other ports:

Beer	1,002	casks
Blanks, Button	97	sacks
Blocks, Butchers'	298	
Cakes, Oil	80,353	sacks
Casings	495	tons
Cereals	147,590	cases
Coal	71,395	tons
Cooperage	4,677	tons
Copper	99,830	tons
Cotton	10,660	bales
Feed	1,928,007	sacks
Fish	57	tons
Glucose	105,132	bbls.
Goods, Canned	42,980	cases
Goods, Woolen	42	cases
Grain and Flour—		
Barley	9,284,961	bu.
Corn	29,430,222	bu.
Flax	4,569,862	bu.
Flour	6,978,220	bu.
Oats	9,581,224	bu.
Rye	755,299	bu.
Wheat	68,427,588	bu.
Hair	13,736	bales

Hides	3,750	bales
Hops	1,050	bales
Implements, Agricultural	7,114	tons
Iron, Pig	62,487	gross tons
Iron, Scrap	235	gross tons
Lard	900	tubs
Lath	3,386,000	
Lead	2,000	pigs
Lead, White	236	cases
Leather	227	bundles
Lumber	104,434,000	ft. bd. meas.
Matting	7,746	rolls
Merchandise	165,671	tons
Ore, Iron	2,317,048	gross tons
Oat Meal	290	bbls.
Ore, Sulphur	31,000	gross tons
Paint	21	tons
Peas	6,025	bu.
Pebbles	5,790	sacks
Pelts	396	bundles
Pickles	1,260	bbls.
Pork	10,923	bbls.
Posts	17,000	
Rags	19,296	bales
Rubber	12,608	bales
Sand, Furnace	1,100	tons
Seed, Grass	11,944	bu.
Shingles	688,000,590	
Starch	643,706	boxes
Stone	34,065	tons
Syrup	5,195	bbls.
Tallow	130	bbls.
Ties, Railroad	4,000	
Tobacco	145	cases
Twine	275	tons
Vinegar	1,090	bbls.
Water, Mineral	1,023	bbls.
Wool	13,144	bales
Zinc	45	tons

These figures, which were also obtained from the engineers' report previously mentioned, represent a valuation of $230,304,221.

For a number of years it has been the policy of the trunk-line carriers to establish lake lines and to operate them as subsidiary properties. The more important of the lake lines with their parent companies were as follows (Annual Report—U. S. Engineer Department, 1912):

Anchor Line (Pennsylvania Railroad).

Erie & Western Transportation Company ("Anchor Line") (Pennsylvania Railroad).

Canada Atlantic Transit Company (Grand Trunk Railway).
Canadian Pacific Steamship Lines (Canadian Pacific Railway).
The Lehigh Valley Transportation Company (Lehigh Valley Railroad).
Mutual Transit Company (the joint property of the Lehigh Valley, the Erie, the Delaware, Lackawanna & Western, and the New York Central railroads).
The Western Transit Company (New York Central Railroad).
Rutland Transit Company (Rutland Railroad).
Erie Railroad Lake Lines (Erie Railroad).

The map in Diagram 9 has been reproduced in this treatise[1] because it indicates the routes and the various ports of call served by several of the important companies.

The propriety of the continuance of the lake lines under railroad control was made the subject of legislation in the so-called Panama Canal Act. The ownership by rail carriers of water craft which, if operated as independent lines, might compete for trade was made an issue in the case of the lake lines, and the Interstate Commerce Commission decreed that a continuance of such ownership was contrary to the statute and contrary to the public interest. It therefore ordered the railroads to dispose of their interest in the lake lines not later than December 15, 1915.

In the issue above mentioned, it was alleged that the boat lines when operating as a distinct unit have been losing, but that by reason of the financial strength of the owning railroads the boats have been kept in service, though operating at a loss; that this condition could not or would not prevail if it were not for the joint ownership; that the boats would otherwise disappear from the lakes; and that the keeping of these boats in the service is indispensable and advantageous to the convenience and commerce of the people.

Even under these new conditions the rates maintained by the lake lines under railroad management for

[1] See Diagram 9, page 106.

some years will serve as the criterion by which such rates as may be established in the future may be measured.

Owing to the aggressive competition between many lines participating in the traffic and in the complaints broughts by rival communities as to the adjustment, the general basis for the construction of rail-and-lake rates has been subject to many fluctuations. The adjustment currently in effect has been reproduced in Table 34, which shows the basis for rail-and-lake rates on classes from the eastern groups specified in the table to various western destinations.

TABLE 34

BASIS FOR RATES VIA RAIL AND LAKE ON CLASSES FROM EASTERN GROUPS TO WESTERN POINTS SPECIFIED

Item	From New York Rate Group to	Rates or Differentials in Cents per 100 Pounds						Remarks
		Classes						
		1	2	3	4	5	6	
1	Chicago, Ill., Milwaukee and Manitowoc,[1] Wis. Also to Gladstone[1] and Sault Ste. Marie,[1] Mich., for Lake Line Delivery	13	11	9	5	5	4	Lower than New York-to-Chicago all-rail rates
2	Cleveland, Ohio	5.9	5.5	3.3	3.1	2.4	1.7	Lower than all-rail rates
3	Detroit and Port Huron, Mich.	11.5	8.3	6	4.7	4.6	2.5	Lower than all-rail rates
4	Duluth, Minn., Marquette,[1] Mich. Superior, Wis., Hancock,[1] Houghton, Dollar Day,[1] and Hubbel,[1] Mich.							Same rates as from New York to Chicago via rail and lake
5	Sault Ste. Marie,[1] Mich., and stations on M. St. P. & S. S. M. Ry., St. Mary's Transfer to Rapid River and Trenary, Mich., inclusive, via Lake Lines to Gladstone, Mich., thence via rail	3	3	3 (Inf. 11951)	3	2½	2½	Higher than New York-to-Chicago rail-and-lake rates

[1]At the time of revision of this treatise the rail-and-lake rates are in a very uncertain state because the rail lines have been obligod to relinquish their control of the boat lines operating on the Great Lakes. A number of the boats formerly owned by the railroads are being operated by The Great Lakes Transit Corporation, an organization independent of the rail lines. The basis of rates therefore shown is subject to change, and careful investigation should be made to determine the rates in effect at any specified time.

TABLE 34—Continued

BASIS FOR RATES VIA RAIL AND LAKE ON CLASSES FROM EASTERN GROUPS TO WESTERN POINTS SPECIFIED

Item	From New York Rate Group to	Rates or Differentials in Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
6	St. Paul rate territory	21	18	13	8	7	5	Higher than Duluth rail-and-lake rates
	Aurora-Elgin, Ill.	14.3	11.1	8.2	6.4	5.7	4.1	
	Altamont, Annawan, Laura	14.4	12.2	8.9	5.7	5.5	4.5	
	Mason City	14.3	11.5	8.8	6.2	5.3	4.5	
	Galva, St. Louis	14.2	11.9	8.4	6.1	5.9	4.8	
	St. Marys	14.2	11.3	8.1	5.9	5.4	4.1	
7	Westville	14.1	11.8	8.7	5.7	6	4.4	Lower than all-rail rates
	Neponset	14.6	11.5	8.4	6.3	5.2	4.2	
	Danville, Joliet, Kankakee, Racine	13.8	11.3	8.5	5.8	5.5	4.3	
	Peoria, Streator	13.7	11.1	8.8	5.5	5.7	3.9	
	Atkinson, Carthage, Monmouth, Moline	12.2	9.9	7.4	5.1	4.9	3.8	
	Springfield	14	12.2	8.3	5.6	5.6	4.7	
	FROM PHILADELPHIA RATE GROUP TO							
8	All destination territories above enumerated	6	6	2	2	2	2	Lower than rail-and-lake rates from New York
	FROM BALTIMORE RATE GROUP TO							
9	All destination territories above enumerated	8	8	3	3	3	3	Lower than rail-and-lake rates from New York
	FROM CERTAIN POINTS IN VICINITY OF NEW YORK[2] TAKING NEW YORK BASIS ON RAIL-AND-LAKE TRAFFIC, TO							
	Galion, Ohio	5.9	4.9	1.9	3	1.9	2	
	Tiffin, Ohio Forest, Ohio	7.5	6.3	3	3.7	2.6	2.5	
	Findlay, Ohio	9	7.6	4	4.4	3.2	3	
10	Urbana, Ohio	10.6	9	5.1	5.2	3.8	3.6	Lower than New York all-rail rates[3]
	Springfield, Ohio	11.4	9.7	5.6	5.5	4.1	3.8	
	Dayton, Ohio	12.2	10.4	6.1	5.9	4.5	4.1	
	Ansonia, Ohio	13	11.1	6.6	5.3	4.8	4.4	
	Union City, Ohio	12.8	10.7	7.2	5.6	5.1	3.6	

TABLE 34—Continued

Basis for Rates via Rail and Lake on Classes from Eastern Groups to Western Points Specified

Item	From Certain Points in Vicinity of New York[2] Taking New York Basis on Rail-and-Lake Traffic, to	Rates or Differentials in Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
10	Cincinnati, Ohio	13.6	10.4	7.7	6	5.4	3.9	Lower than New York all-rail rates[3]
	Winchester, Ind.	13.3	11.1	8.2	5.4	5.7	4.1	
	Muncie, Ind.	12.9	10.5	8.3	5.1	5.4	3.7	
	Anderson, Ind.	13.5	10.8	8.3	5.9	5	4.2	
	Indianapolis, Ind.	13.3	11.5	7.8	5.2	5.3	4.5	
	Fairmount, Ind.	13.9	10.9	7.9	6	4.9	4	
	Lebanon, Ind.	13.6	11.6	8.4	5.3	5.2	4.2	
	Martinsville, Ind.	13.4	11.3	7.9	5.7	5.6	4.5	
	Crawfordsville, Ind.	13.8	11.3	8.5	5.8	5.5	4.3	
	From Boston Rate Group[4] to							
11	Cleveland, Ohio	7.9	6.5	4.3	4.1	3.4	1.7	Lower than Boston all-rail rates
12	Detroit, Port Huron, Chicago, Milwaukee, Manitowoc, Gladstone, Sault Ste. Marie, Duluth, Superior, Marquette, Hancock, Houghton, Dollar Bay, Hubbel, St. Paul, Green Bay, Racine, Joliet, Kankakee, Aurora, Elgin, Streator, Neponset, Laura, Galva, Annawan, Atkinson, Moline, and Monmouth rate territories							Same as rail-and-lake rates from New York
13	Danville, Ill.	8.8	7.3	5.5	4.8	3.5	2.3	Lower than Boston all-rail rates
	St. Mary's, Ind.	9.2	7.3	5.1	4.9	3.4	2.1	
	Westville, Ill.	9.1	7.8	5.7	4.7	4	2.4	
	Peoria, Ill.	8.7	7.1	5.8	4.5	3.7	1.9	
	Mason City, Ill.	9.3	7.5	5.8	5.2	3.3	2.5	
	Springfield, Ill.	9	8.2	5.3	4.6	3.6	2.7	
	Altamont, Ill.	9.4	8.2	5.9	4.7	3.5	2.5	
	St. Louis, Mo. Trans-Mississippi	9.2	7.9	5.4	5.1	3.9	2.8	
	Carthage, Ill.	7.2	5.9	4.4	4.1	2.9	1.8	

[2] Included are Brooklyn, Jersey City, New York City, and stations on Hudson Division of New York Central Railroad, New York City north to and including Castleton, N. Y.—a point 9 miles south of Albany.

[3] But not less than the following scale:

Classes	1	2	3	4	5	6
Rates	54	47	33	25	22	18

[4] See explanation of status of rail-and-lake, etc., rates, page 232.

Table 34 indicates only some of the important terminal points. Other points are grouped with these, and the same rate is made thereto.

It will be observed that this adjustment is applied as far west as St. Paul, and that through rates are published by the rail-and-lake lines governed by the Official Classification, although a considerable portion of the territory involved lies wholly within Western Classification Territory.

In general, it may be stated that the rail-and-lake rates are certain arbitraries under the all-rail rates between the same points. This scale of differentials, however, is not the same in all cases, as it varies to a considerable degree as is indicated in Table 34.

The rates to Duluth are at present the same as the rail-and-lake rates to Chicago. These rates were established by the carriers under an order of the Interstate Commerce Commission resulting from a complaint made by the Commercial Club of Duluth that the then existing rates, which were made on a 68-cent scale, were unduly prejudicial to the interests of Duluth and favored Chicago as a distributing point for northwestern territory at the expense of the Duluth interests.

In touching upon the adjustment employed in the establishment of rail-and-lake rates, the Commission called attention to the fact that in addition to the general investment in boats, wharves, and other property used in the service there are, of course, a number of special factors that properly enter into these rail-and-lake rates that are not characteristic of all-rail rates. The capacity of the boat, for example, is necessarily an important element. Properly related to this is the depth of the channels through which the boat must pass—this controls its loading. The sufficiency and convenience of the wharf and dock facilities is another matter which must be considered. The character and condition of the

harbor and of the harbor entrance are of no less importance. The length of haul is entitled to some consideration, although mere distance, as all agree, has even less influence on a water rate than it has on a rail rate. The time taken in making the trip has some relation to the rate, although a difference of merely a few hours is not of great importance. A feature of more importance is the conditions of navigation with respect to the matter of storms, fogs, and similar perils that are incident to water transportation. And finally, as with all rates, the density of the traffic and the cost of operation must not be overlooked.

A comparison of the distance to Duluth with the distance to Chicago on traffic originating in the seaboard indicates that it is practically the same. As a matter of fact, the actual distance in favor of Chicago as reckoned from New York is but 96 miles.

The rates to Sault Sainte Marie, Mich., and to other points taking the same rates are the differentials shown in item 5 of Table 34 higher than the rail-and-lake rates from New York to Chicago.

The lake-and-rail rates to points south and west of Chicago shown in item 7 of the Table 34 are arbitraries under the all-rail rates to the same points.

CHAPTER XXI

DIFFERENTIAL RATES—Continued

Lake-and-Rail Rates—Continued

The water-and-rail-rates from New York and from other points taking the same rates to Canadian percentage groups shown on Map 5, *Atlas of Railway Traffic Maps,* are set forth in Table 35.

TABLE 35

Basis for Rates via Water and Rail on Classes from Eastern Groups to Western Points Specified

Item	From New York Rate Group to Canadian Percentage Groups	Rates or Differentials in Cents per 100 Pounds					
		Classes					
		1	2	3	4	5	6
1	76C, 76D, 78C, 78D % points via water-and-rail lines via Long Island Sound, New London, Conn., or Boston, Mass., or Portland, Me.	53.5	47.5	37	25.5	21.5	18.5
	Points taking higher than 78% rates via water-and-rail lines via Long Island Sound, New London, Conn., or Boston, Mass., or Portland, Me., are not less than on basis of the following differentials below standard all-rail-rates.	8	6	4	3	3	2

The rates from New York via the New York, Ontario & Western Railway via the Niagara Frontier are slightly less than the all-rail rates; thus, from New York to Canadian percentage groups, via Rouse's Point, the rates are not less than the standard all-rail rates. From New York points to points taking not higher than 78 per cent of the rates from New York to Chicago via water lines through Long Island Sound and New England ports, the rates are slightly less than the all-rail rates, as is shown by the

differentials in Table 35. To the Canadian percentage groups taking higher than 78 per cent of the rates from New York to Chicago via water lines through Long Island water routes and through New England ports, the rates are made certain differentials under the all-rail rates.

From Philadelphia and Baltimore via rail and lake to all destination groups named in Table 35, except in Canadian percentage territory, the rail-and-lake rates are regular Philadelphia and Baltimore differentials under the rail-and-lake rates from New York to the same points. The Philadelphia and Baltimore differentials are based on the 6-cent scale and 8-cent scale respectively, as shown in items 8 and 9 of Table 34.

From certain points in the vicinity of New York to certain groups in Central Freight Association Territory, rail-and-lake differentials are the scales shown in Table 34. These scales are lower than the regular scale applying from New York proper.

Rail-and-Lake and Rail-Lake-and-Rail Rates from C. F. A. Territory

The basis for rates from C. F. A. Territory to Lake Huron, Lake Superior, and Lake Michigan ports, and also to Detroit, Port Huron, St. Paul, and points taking the same rates is set forth in Table 36. For rates between these points C. F. A. Territory is divided into the following groups:

Akron .....Ohio
Beaver .....Pa.
Cambridge .....Ohio
Canal Dover.....Ohio
Canton .....Ohio
Cincinnati .....Ohio
Columbus .....Ohio
Dayton .....Ohio
Ellwood City.....Pa.
Evansville .....Ind.
Hamilton .....Ohio
Indianapolis ....Ind.
Jeffersonville ....Ind.
Louisville .....Ky.
Mahoning and Shenango Valley Points ....Ohio-Pa.
Marietta .....Ohio
Massillon .....Ohio
New Albany.....Ind.
New Comerstown ..... Ohio
New Philadelphia ..... Ohio
Orrville .....Ohio
Parkersburg...W. Va.
Pittsburgh .....Pa.
Springfield .....Ohio
Steubenville ....Ohio
Toledo .....Ohio
Wheeling .....W. Va.
Zanesville .....Ohio

From C. F. A. Territory to a number of the groups the rates are made by a combination of the local rates to and from the Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima. From C. F. A. Territory to other groups the rates are usually certain differentials under the all-rail rates, subject in some cases to the combination of local rates to and from Lake Erie ports and the rail-and-lake rates from Baltimore, Md., as maxima.

TABLE 36

BASIS FOR RATES VIA RAIL AND LAKE AND VIA RAIL, LAKE, AND RAIL FROM C. F. A. TERRITORY TO LAKE HURON, LAKE MICHIGAN, AND LAKE SUPERIOR PORTS, ST. PAUL, AND POINTS TAKING THE SAME RATES[1]

Item	From C. F. A. Territory to	Differentials in Cents per 100 Pounds						Remarks
		Classes						
		1	2	3	4	5	6	
1	Alpena (Au Sable, Oscada, Harrisville, and Alpena, Mich.)	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., to Sault Ste. Marie, Mich., as maxima
2	Bay City (Bay City, Saginaw, La Peer, and Flint, Mich.)	3	3	3	2	1	1	Less than all-rail rates
3	Cheboygan (Mich.)[2]	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima
4	Detroit (Detroit and Sugar Island Park, Mich.)	3	3	3	2	1	1	Less than all-rail rates
5	Duluth (Minn.)[2]	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima

TABLE 36—Continued

Basis for Rates via Rail and Lake and via Rail, Lake, and Rail from C. F. A. Territory to Lake Huron, Lake Michigan, and Lake Superior Ports, St. Paul, and Points Taking the Same Rates

Item	From C. F. A. Territory to	Differentials in Cents per 100 Pounds						Remarks
		Classes						
		1	2	3	4	5	6	
6	Gladstone (Mich.)	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima
7	Harbor Beach (Lexington, Port Sanilac, Forester, Harbor Beach, and Port Hope, Mich.)	3	3	3	2	1	1	Less than all-rail rates, subject to combination of local rates to and from Lake Erie ports and rail-and-lake rates from Baltimore, Md., as maxima
8	Port Huron (Marine City, St. Clair, Port Huron, Sarnia, and South Port Huron, Mich.)	..	..	..	..	..	..	All-rail rates, subject to rail-and-lake rates to Bay City, Mich., as maxima
9	St. Paul (Minn.)[4]	10	10	10	5	5	5	Less than all-rail rates
10	Sault Ste. Marie (Mich.)[5]	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima

[1] The groups of C. F. A. Territory are shown on page 238.

[2] Glen Haven, Glen Arbor, South Manitou, North Manitou, Leland, Northport, Omena, Suttons Bay, Traverse Bay, Elk Rapids, Old Mission, Norwood, Charlevoix, Ironton, South Arm, East Jordan, Boyne City, Petoskey, Harbor Springs, St. James, St. Ignace, Rogers City, Cheboygan, and Mackinac Island, Mich., except that when via the C. & D. Tr. Co., St. Ignace and Mackinac Island, Mich., take Sault Ste. Marie rates.

[3] Duluth and Superior, Wis., points on shore of Lake Superior from Superior, Wis., to but not including Ashland, Wis., territory, lying north of line of the C. & N. W. Ry., Ashland to Saxon, Wis.; thence territory north of the line of the D. S. S. & A. Ry., Saxon, Wis., to Marquette, Mich.; thence all points on shore of Lake Superior to but not including Sault Ste. Marie, Mich., also Sault Ste. Marie, Ft. Williams, and Port Arthur, Ont.

[4] East of the Mississippi River, Minneapolis, Minn., to La Crosse, Wis., including South St. Paul, Red Wing, St. Louis Park, Hopkins, and Winona, Minn.; thence on and north of the line of the C. M. & St. P. Ry., through Portage, Wis., to Madison, Wis.; thence via an imaginary line to Schleisingerville, Wis.; thence on and west of the line of the M. St. P. & S. S. M. Ry., to Fond du Lac, Wis.; thence on, north, and west of the line of the C. & N. W. Ry., through Sheboygan, Wis., to Manitowoc, Wis.; thence on and south of the line of the St. P. & S. S. M. Ry., to Menasha, Wis.; thence on and west of the line of the C. & N. W. Ry. to Green Bay, Wis.; including stations

Green Bay to Kewaunee, Wis., on the R. G. B. & W. R. R.; thence on and west of the west shore of Green Bay and north bank of the Menominee River to Menominee, Mich.; thence on, west, and north of the line of the C. & N. W. to Narenta, Mich.; thence north of an imaginary line to Larch, Mich. (M. St. P. & S. S. M. Ry.), including stations west thereof on the M. St. P. & S. S. M. Ry.; thence via an imaginary line to a point west of Alecto, Mich., on the C. & N. W. Ry.; thence on and west of the line of the C. & N. W. Ry. to Ashland, Wis.; and thence south of the shore of Lake Superior to the city limits of Superior, Wis.; thence south of the corporation boundaries of Superior, Wis., to a point whence an imaginary line drawn westward to Cloquet, Minn., will include Summit, Minn., on the Northern Pacific Ry.; thence on and east of the line of the Northern Pacific Ry.; to Minneapolis, Minn., the point of beginning.

[a] Stations on the M. St. P. & S. S. M. Ry., Masonville to Sault Ste. Marie, Mich.; Detour, Mich., via the Arnold Transit Co.; Mackinac Island and St. Ignace, Mich., via the C. & D. Tr. Co.

The rates presented in Table 36 are fixed via the shorter or more direct routes, but apply also via the longer or more circuitous routes. The lines that comprise the shorter or more direct routes from and to some groups are the longer and more circuitous routes from and to other groups, and the fourth section of the Act to Regulate Commerce is violated in many cases via the circuitous routes.

Ocean-Rail-and-Lake Rates

Certain traffic is carried from New York via ocean-rail-and-lake routes. The principal route of this character is from New York via Long Island Sound to New London, thence via rail to Georgian Bay, and thence via lake. The scale of rates via this route from New York to Chicago is shown in Table 14 and is established on a stated differential lower than the rates of the standard rail-and-lake routes.

Another route is that from Boston, Mass., or Providence, R. I., via Merchants & Miners Transportation Company (ocean route) to Baltimore, thence via rail to Sandusky, Ohio, and Ashley & Dustin Steamer Line to Detroit, or via rail to Cleveland, and Detroit and Cleveland Navigation Company to Detroit.

Rates via this route are the following differentials below the Boston-to-Detroit all-rail rates:

Classes	1	2	3	4	5	6
Cents per 100 lbs	15.5	12.3	9	7.7	6.6	3.5

River-Canal-and-Lake Rates

The Erie Canal, begun in 1816 and completed in 1825, represented at that time an initial cost of $7,602,000. Up to and including 1896, it was estimated that the cost of construction, upkeep, and improvements aggregated $52,540,000. So effective did this agency prove in the past decades, as a transportation medium, that the question of its improvement was put to popular vote and a vast appropriation was authorized to improve the canal to enable vessels of one thousand to twelve hundred tons capacity to use it. This work is rapidly nearing completion.

With the resumption of independent water line competition on the Great Lakes it may reasonably be inferred that the Erie Canal will be similarly favored. No through rates have been in effect for a number of years by independent water lines. The New York & Western Canal Line, Inc., of New York, however, published for the season of 1916, the following rates from New York to western destinations:

From New York to	Rates in Cents per 100 Pounds					
	Classes					
	1	2	3	4	5	6
Utica, N. Y.	17	15	14	12	11	10
Syracuse, N. Y. / Rochester, N. Y.	20	18	15	12	11	10
Buffalo, N. Y.	21	19	15	12	11	10
Cleveland, Ohio	40	35	28	19	17	15
Detroit, Mich.	41	37	29	20	17	16

The foregoing rates are not made on a fixed basis. This company has not extended service, at this writing, to Lake Michigan and Lake Superior ports, but it is its intention to do so. The canal-and-lake rates to Cleveland and Detroit are much less than the rail-and-lake rates, and the service provided by the all-water route compares favorably with that of the rail-and-lake service.

Whether or not there is any traffic on the Erie Canal, the potential competition is of incalculable value since any considerable increase in rail charges causes the competition to become sufficiently active and aggressive to divert the tonnage from the rail lines.

There are numerous other artificial waterway projects under consideration, among the important ones are a 9-foot stage of water on the Ohio and Mississippi rivers and a proposed canal which would connect the Ohio River with Lake Erie, and run along the eastern part of the state of Ohio thus serving as an outlet to the Pittsburgh district.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers are not to be sent to the University.

1. Define the term "short-haul points."

2. At the present time does the same rule for the disposition of fractions apply in computing both eastbound and westbound rates?

3. Are the outlines of the percentage groups the same for both eastbound and westbound traffic?

4. How do the rates from Chicago to the Virginia Cities compare with the Chicago-to-Baltimore rates?

5. What minimum rate must be observed in constructing rates from percentage groups to Rockland, Me.?

6. How are rates from the 60 per cent group to Cumberland, Md., constructed?

7. What condition is established in connection with the construction of rates to the Virginia Cities from points taking less than 77 per cent of the Chicago-New York rates?

8. How do the class rates from Chicago to Boston compare with the rates in the reverse direction?

9. What arguments may be advanced to substantiate the disparity between the eastbound adjustment and the westbound adjustment?

10. As concerns New England, how does the Interstate Commerce Commission view the propriety of the existing rate adjustment?

11. Enumerate the more important interior eastern basing points.

12. How does the eastbound commodity-rate adjustment correspond with the adjustment obtaining in connection with the establishment of class rates?

13. When the commodity rate is not the same as the class rate, how would you determine the proper differential to be added or to be deducted?

14. Illustrate the construction of a commodity rate from Cincinnati to New York, on the basis of a rate of 21 cents from Chicago to New York.

15. On the basis of 33 cents, Chicago to New York, what will be the corresponding rate from East St. Louis to Albany?

16. How do you view the propriety of making rates "what the traffic will bear"?

17. On what basis must the rates on grain be adjusted?

18. What is accomplished through the establishment of low commodity rates?

19. On what basis may the distinction in rates applicable on grain as compared with those on grain products be defined?

20. What competing factors influence the adjustment of rates on grain and grain products from points in Central Freight Association Territory to the Atlantic seaboard?

21. Is the adjustment widely different from that applicable on general commodities?

22. What is the reshipping rate on domestic grain from Chicago to New York?

23. What is the reshipping rate on grain for export from Chicago to Baltimore?

24. Do Boston, Mass., and New York, N. Y., compete on the same basis for export grain trade?

25. For what purpose are reshipping rates established?

26. What is the necessity of the varying percentages established in connection with the adjustment of rates obtaining from the 60 per cent group?

27. What is the adjustment for the establishment of rates from Dunkirk, N. Y., to Albany, N. Y., and points basing thereon?

28. In what manner do the rates on dressed meat and live stock influence each other?

29. What class of goods is included in the designation, packing-house products?

30. What prime factors are to be considered in the establishment of rates on live stock?

31. Illustrate the construction of rates on dressed meats from Peoria to Syracuse.

32. What class of iron and steel articles are generally accorded specific rate adjustments?

33. What is the basing rate applicable on pig iron?

34. How are the rates on iron and steel articles from the Pittsburgh district to Boston constructed?

35. How do the rates from Youngstown compare with those?

36. How are the rates from Cleveland to Albany constructed?

37. Name several of the differential routes available between Chicago and New York.

38. What is the character of the traffic handled by the lake lines?

39. What is the principal item of tonnage?

40. On what scale of differentials are lake-and-rail rates established from Chicago to New York?

41. What are the class rates from New York to Canadian percentage group 76-C via water-and-rail routes?

42. How are the lake-and-rail rates to St. Paul, Minn., from Central Freight Association adjusted with respect to the all-rail rates?

43. How does the river-canal-and-lake rate on first-class traffic from New York to Detroit compare with the all-rail rates?

44. Is the lake-and-rail service available to shippers at all times?

FREIGHT RATES

OFFICIAL CLASSIFICATION TERRITORY AND EASTERN CANADA

ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

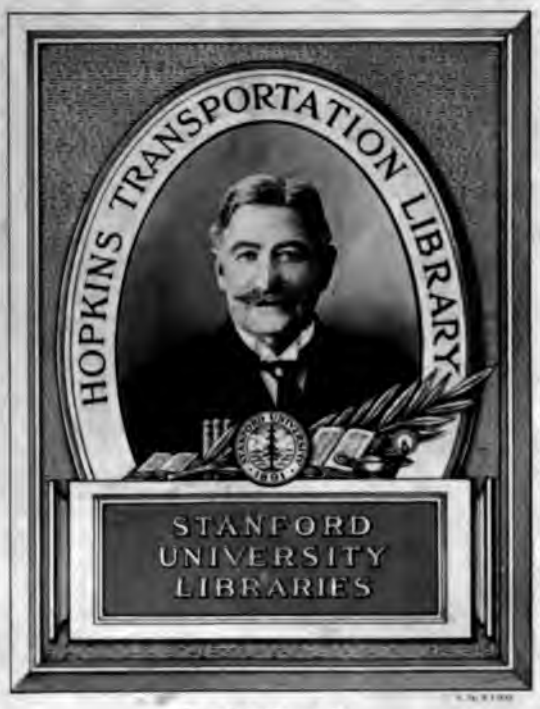
C. C. McCAIN
Manager, Eastern Freight Inspection Bureau

JOHN P. CURRAN
Of the Central Freight Association

PART 2

DEVELOPMENT OF PERCENTAGE SYSTEM ALL-RAIL RATES WESTBOUND

La Salle Extension University
· Chicago ·



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Joel V. Berreman, Esq.

FREIGHT RATES

OFFICIAL CLASSIFICATION TERRITORY AND EASTERN CANADA

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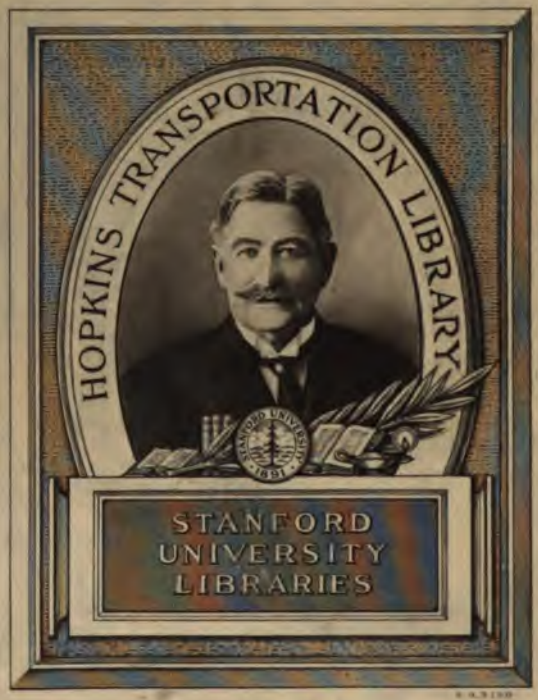

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FREIGHT RATES

OFFICIAL CLASSIFICATION TERRITORY AND EASTERN CANADA

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La Salle Extension University
Chicago
1922

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CHAPTER VIII

THE NEW YORK-CHICAGO PERCENTAGE RATE SYSTEM

Origin

Having treated the intrastate and intraterritorial rate adjustments obtaining within Official Classification Territory, we shall now take up the interterritorial or so-called percentage system, which is viewed by many as the most scientific and most satisfactory adjustment of freight rates obtaining in this country. In the words of the Commission, this percentage adjustment between Central Freight Association Territory and the east has long been in effect and has given general satisfaction. The Commission has uniformly sustained the carriers' contention that this system of rate-making ought not to be disturbed nor broken in upon even in special cases without strong reason for so doing.[1]

As will be fully explained in the subsequent chapters, the key to this entire adjustment is the New York-Chicago rate and the distance relationship existing between other points and Chicago as contrasted with the haul from Chicago, this procedure determining the development of the various percentage groups.

The percentage plan of making rates in this territory is said to have been proposed in 1876 by John T. McGraham, a rate clerk in the offices of the Pennsylvania Railroad. Although the credit for the introduction of the New York-Chicago rate system has been ascribed to

[1] 23 I. C. C. Rep. 684-86.

Mr. McGraham, and although this system has been called the McGraham System, it is probable that the percentages were first applied in certain instances only, and that later the application was made general.

The records of the Trunk Line Association indicate that the McGraham table of percentages for determining westbound rates was first applied by the Trunk Lines on December 15, 1871. At this time the percentage prescribed for constructing Peoria rates was 112 per cent of the New York-Chicago rate. This percentage was applied to articles which were assigned a special rate, such as sugar, coffee, and molasses.

It is well known that since 1877 a percentage scale, either the McGraham table or a revision thereof, has been applied to westbound class rates generally and also to any commodity rates which may have been established.

However, Mr. McGraham should be given credit for making the general application of the percentage scheme, which has proved the most satisfactory and stable interstate rate system in the United States and under which, perhaps more than half the freight of the United States and Canada moves either in part or throughout its entire route.

The causes leading to the adoption of a systematic rate system by the Trunk Lines about 1876 are worthy of the consideration of all serious students of rate-making. Between 1874 and 1876 there were only four through lines between Chicago and the Atlantic Seaboard. During this period most disastrous rate wars occurred between these lines. The largest item of traffic was grain, eastbound. As late as 1882, 73 per cent of the eastbound Trunk Line tonnage consisted of grain and grain products. The larger part of this grain traffic was gathered up along the lines east of the Mississippi River. The large elevator centers had not arisen, and the states of

Illinois, Indiana, and Ohio were at this time served by a number of small cross lines which gathered up the grain and delivered it to one of the Trunk Lines or to a lake line for eastern shipment. Rail rates were still high in comparison with the present rates. They were, on an average, roughly twice the average rate at the present time. Moreover, the conditions of railway operation not having at that time attained the present state of efficiency, water competition was a matter for more concern than at present. Professor William Z. Ripley has well expressed some of the conditions of competition that indicate the gravity of the rate problem at that time in the following paragraphs:

> Among these confusing elements in the problem of trunk line rate adjustment five distinct phases were prominent. In the first place the four trunk lines were a unit in opposition to the diversion of traffic to the Great Lakes and the Erie Canal. However much they might bicker with one another afterwards, apportionment of the rail business being a distinct feature of the problem, their interests at the outset were identical respecting the necessity of holding the business on land. Water competition by way of the lakes or the Ohio River was a danger common to them all. The intensity of this pressure may be understood from the statement that the trunk lines were not even consulted in making the Chicago-New York rate on which the western lines prorated. They had no voice in it, merely accepting the figure offered them by their connections into Chicago. The second feature of the problem, namely the division of the all-rail traffic among the competing carriers is immaterial to the main question before us. Thirdly, it was essential to the trunk lines to restrict and control the activities of the subsidiary cross lines and feeders, most of which, as has been said, were independent. Many of these, aside from having a direct interest in their longest haul to a terminus on the lakes or the Ohio River, had been built by local capital, and were administered in the interest of the lake cities or Cincinnati and Louisville. There was no unity whatever in their policies, and the most ridiculous wastes of transportation resulted. Grain was literally meandering toward the east instead of moving by a direct route. Joint through rates would be made by the most extraordinary chain of connecting links leading to the seaboard by various circuitous ways.

A fourth evil, akin to this, consisted of the difficulty of maintaining through rates, not as among the trunk lines who might be made parties to a pool, but by reason of cutthroat competition between their western connections. The agents of these western lines would indiscriminately cut rates to or from points on their lines, and then expect their trunk line connections to accept a proportionate shrinkage of the joint through rate for their part of the haul. The weaker companies would, of course, be susceptible to such temptations in order to secure the business. No stable apportionment of this western traffic among the eastern lines would be possible until they could agree upon a fair rate for the trunk line haul, and rigidly adhere to it. And, finally, water competition, causing constant fluctuations in the lake and Ohio River rates, while directly potent only at water-way points, was continually putting the through rates from these points out of line with the local rates from noncompetitive inland centers. Or, perhaps, the Ohio river and lake rates would be out of joint with one another. The Chicago basis, if applied to Paducah, would make a rate on tobacco that would send it via New Orleans. Products would go down the Mississippi after the lakes had been closed by ice. A considerable amount of corn was certainly moved to New York by that route. Some device for coordination of the through and local rates—or, as one might put it, for the distribution of the localized shock of water-rate changes—was imperatively necessary.[2]

Application of System

The system as first adopted in 1876 made the New York-Chicago rates the basis for other rates between the Atlantic Seaboard and the Central West. Points in Central Freight Association Territory took the percentage of the New York-Chicago rates that distance from New York determined. A point 60 per cent of the New York-Chicago distance from New York, for example, took 60 per cent of the New York-Chicago rates.

In 1879, however, the system was modified, in so far as points east of the Indiana-Illinois state line were concerned, so as to allow for terminal charges before computing the percentage of the New York-Chicago rates.

[2] *Railway Rates and Regulations.*

The general method of the modified system, which is the system still in effect, may be illustrated by a statement of its application to any point. Springfield, Ohio, for example, for eastbound rates is in the 82 per cent group.[3] Xenia, Ohio, is the base point for that group. Its distance to New York at the time this system was established was 700 miles. A rate of 25 cents was assumed as an average rate for all classes and commodities between New York and Chicago. Six cents was then deducted for the terminal charges at both ends of the haul. The remaining 19 cents represented the assumed charge for the haul exclusive of any service at the terminals. This rate of 19 cents being divided by the New York-Chicago distance of 920 miles gave $.000206 as the charge per mile between New York and Chicago. This rate per mile was used as the factor for establishing an assumed rate from any particular junction or competitive point on the basis of its mileage to New York. The charge of $.000206 per mile, above referred to, multiplied by 700, the distance from Xenia, Ohio, to New York gives 14.42 cents; if to this we add the 6 cents representing the terminal expenses at both ends of the movement, we get 20.42 cents as an assumed rate from Xenia to New York. This 20.42 cents is 81.7 per cent of the assumed rate of 25 cents from Chicago to New York; under the application of the general rule obtaining for the disposition of fractions resulting from such computation, a fraction of one-half of a per cent or more is considered a full per cent. A percentage of 82 is thus arrived at as the basis for constructing rates from that group, and the rates from Springfield to New York are, therefore, 82 per cent of the rates from Chicago to New York.

Applying the same formula and using the past-day

[3] See Map 6, *Atlas of Railway Traffic Maps.*

short-line mileage of 920 miles, the following percentages are obtained to the points indicated below:

Town	Distance	Rate	Percentage
Cleveland, Ohio	575 mi.	17.85	71%
Detroit, Mich.	662 "	19.63	78 "
Evansville, Ind.	986 "	26.31	105 "
Pittsburgh, Pa.	440 "	15	60 "
Quincy, Ill.	1,130 "	29.28	117 "

The selection of the base points of the groups lies arbitrarily with the carriers.

This was the system as revised in 1879. There was an understanding among the carriers not to cut the rates at competitive points below the established basis. There was no agreement that rates should not be made more than those established as minima. However, competition and the fourth section of the Act to Regulate Commerce have caused the percentages to be applied as both maximum and minimum rates.

Eastbound v. Westbound Groups

A glance at Maps 4 and 6 of the *Atlas of Railway Traffic Maps* will show some of the differences in percentage groups. For example, the 87 per cent group for eastbound rates shows territory around Charleston, W. Va., as a slender high-heeled shoe, whereas the westbound map shows territory around Charleston in 87 per cent territory in a very different shape. On the eastbound rates, Vincennes, Ind., takes 103 per cent rates and on westbound shipments, 108 per cent. Evansville, Ind., takes 105 per cent on eastbound shipments and 110 per cent on westbound shipments. The southern part of the 110 per cent group for eastbound rates is in the form of a sharp point, whereas for westbound rates it spreads to the east in enlarged form. On

westbound rates the percentage is higher for a considerable distance north and east of Evansville. The rates vary, not only for eastbound and westbound movements, but the groups themselves for both the eastbound and the westbound rates are irregular, as may be seen by a glance at Maps 4 and 6.

Modifications

Several factors have tended to make the territories quite irregular, but competition between rival carriers and between commercial centers has been the chief cause.

1. The system as first applied affected common points only, that is, points at which more than one east-and-west route competed for the business. Competition between the carriers tended to extend the groups to the westward at important junction points. An inspection of Maps 4 and 6 will show that usually the large centers, such as Fort Wayne, Indianapolis, Louisville, Evansville, Peoria, etc., are located either on the extreme western borders of the percentage groups or very near them.

2. Another disturbing factor has been the north-and-south lines. For example, suppose Line X originally lay across the 96, 97, and 100 per cent groups. If this line carried business to and from the east, points on the line must be in the same group; otherwise, there would be a violation of the fourth section of the Act to Regulate Commerce. Hence, the demand was made that points on its lines be accorded the 100 per cent basis, which has been modified further as is indicated on the maps in the *Atlas of Railway Traffic Maps*. Other lines have made the same complaint, and similar changes have been made. This factor of the cross-line influence has been very potent in affecting the grouping.

3. The third important factor, affecting the grouping so as to modify a symmetrical arrangement, is that of commercial competition of the cities and manufacturing

and distributing centers. A number of changes from the original grouping have been made on this account. Hundreds of requests have been filed with the railways and freight committees for changes in the grouping of commercial centers, and minor changes are continually being made. For example, Grand Rapids, Mich., and Saginaw, Mich., were once in the 100 per cent territory. Grand Rapids is now accorded 92 per cent territory and Saginaw, 88 per cent. Shifts in both directions have sometimes occurred. New roads have been built and new and shorter routes established since the percentages of the original groups were assigned. Newly developed traffic and other conditions have also been considered and from time to time have led to alterations in the percentages of certain points. The effect of these influences on the form and boundaries of the percentage groups is not without significance. Changes are continually being made for commercial considerations. A factory of one center wishes to be on a parity with the factory of another, or the dealers of one center wish to be placed on a parity with those of another. New factories are being erected and new distributing industries built up from time to time. In the main, however, the percentage system has been adhered to rather closely.

No group rates in the United States have been subjected to less change or criticism than the New York-Chicago percentage system. In the Saginaw case[4] an attack was made before the Interstate Commerce Commission on the assignment of a percentage to a certain group. The complainants did not criticize the reasonableness of the rates in and of themselves. The claim was that the rates to Saginaw, Mich., and group points[5] were too high in comparison with rates to other groups, more especially to the 78 per cent group including

[4] 17 I. C. C. Rep. 128-38.
[5] See Maps 4 and 6, *Atlas of Railway Traffic Maps.*

Toledo, Detroit, and Port Huron. The Saginaw Valley group takes 92 per cent of the New York-Chicago rates, while Detroit, Toledo, and Port Huron are in the 78 per cent group. The complaint was that the jobbers located in the 78 per cent group could supply the retail dealers in territory that should be contributory to Saginaw at less cost than could the Saginaw shippers.

The percentage of the Saginaw and Flint group was arrived at originally on the basis of the mileage by the Pere Marquette Railroad from Flint to Toledo and thence by the Pennsylvania Lines to New York. This haul, in 1892, when the rates were adjusted to this group, was a distance of 828 miles, and on the formula of distance rates between New York and Chicago, Flint was given the 92 per cent basis. This percentage was extended to Saginaw, which is even further from New York than Flint. At that time, the Grand Trunk Route through Port Huron to Saginaw was 823 miles from New York, which gives Saginaw practically the same percentage.

Later, however, the Grand Trunk reduced its distance from Port Huron to Buffalo from 229 to 196 miles. The complainants made the plea that since the short-line distance between Saginaw and New York through the Port Huron gateway was only 731 miles, Saginaw should be placed in 84 per cent territory according to the New York-Chicago percentage basis. The Commission, however, made the point that since Saginaw was off the main route of heavy traffic between New York and Chicago, the reason for according Saginaw its short-line percentage was not so valid as for allowing Detroit and Toledo the advantage of their location on both the lake and the rail routes between the east and the west. There is little through traffic to and from the west through Saginaw.

The Commission stated that the upper part of the peninsula of Michigan, not being a heavy traffic district,

should not be placed on the same basis as such gateways as Detroit and Toledo; that if the rates were reduced to the Saginaw Valley, the rates would necessarily have to be adjusted to other points in the sparsely settled upper part of the peninsula; and that these rates would apply via the longer routes south of the lakes as well as via the shorter routes through Port Huron. The latter condition would cause violations of the fourth section of the Act to Regulate Commerce. For these reasons the Commission was of the opinion that the Saginaw rates were not discriminatory.

Federal Approval

In the decision of the Saginaw case the Commission made the following comment on the New York-Chicago rate system:

> While it is not always a simple matter when examining a map of the percentage group territory to understand and at once comprehend the causes that have produced zones or groups of such irregular outline, nevertheless, a careful study of particular groups, and some knowledge of the transportation conditions that surround and effect them, have given us the general impression that their boundaries have been established upon substantial and presumably sound grounds. The fact that no group rates in this country have been subjected to less criticism than the rates to and from the percentage-basis territory and the Atlantic coast is some evidence of the care with which the system has been developed.[6]

The formula employed in establishing the percentage groups in the case of traffic destined to points east of the Indiana-Illinois state line differs from that employed in the case of traffic destined to points beyond.

As opposed to the principles applying east of the Indiana-Illinois state line just given, the distance relationship was not preserved to the same degree west of that line. The present-day groupings were established in

[6] 17 I. C. C. Rep. 132.

their original form in 1877 and at that time the traffic of Illinois was neither heavy nor as highly competitive as it is today. Peoria, Ill., was then the principal town (in Illinois) west of Chicago, and the distance from New York to Peoria was 110 per cent of that to Chicago. Peoria was accordingly given the 110 per cent rate. Most of the territory between Peoria on the west and the Indiana-Illinois state line on the east was thrown into one broad group taking the 110 per cent rate. It is believed that at one time no other rate was applied within all this territory, but subsequently, upon the insistence of certain localities, two or three towns were given lower rates.

As disclosed by the *Atlas of Railway Traffic Maps,* there are numerous small groups west of the 110 per cent group, taking rates of 112, 113, and 115 per cent of the New York-Chicago rate. The greater part of the state, however, is assigned to the 110, 116, 117, and 120 per cent groups.

It will be observed in this adjustment that in determining the percentage relationship, the basing rates and terminal charge employed east of the Indiana-Illinois state line are disregarded and the relationship is determined solely by that of the New York-Chicago mileage as contrasted with the New York base-point mileage.

Peoria, Ill., is selected as the base point for the 110 per cent group. The present-day short-line distance to this point is 1,001 miles, which is approximately 110 per cent of the New York-Chicago distance of 912 miles.

Likewise, the distance from New York to East St. Louis, Ill. (1,045 miles), is approximately 116 per cent of that to Chicago. Originally, East St. Louis was given a 116 per cent rate but subsequently (1907), when the rates to St. Louis and East St. Louis were made the same, this was increased to 117 per cent and the bridge toll on which rates to St. Louis were previously made was abolished.

Concurrent with the change in rates to St. Louis, the area of the 117 per cent territory was drawn considerably to the east and at one time included Springfield, Ill.

This adjustment, so far as Springfield is concerned, continued until December 1, 1913, when the Commission upon investigation prescribed as reasonable rates for the future those obtaining under the 113 per cent scale.

Several other complaints have been heard and readjustments prescribed, resulting in the reduction of class and commodity rates to Elgin, Ill., from the 110 to the 107 per cent basis, and of class rates to Rockford, Ill., from the 116 to the 112 per cent basis, and to Freeport, Ill., from 117 to 114 per cent of the New York-Chicago rate.

With the exception of the points mentioned and possibly some few others, the percentage-rate designations applied to points west of the Indiana-Illinois state line do not express the relations which the distances from New York to the points in question bear to the distance from New York to Chicago. They are used merely to indicate the relationship of rates. Oftentimes, it will be observed that the transition from one group to another is abrupt, as from 100 to 110 and 110 to 117. A study of the construction of rates under the percentage system will clearly show how satisfactory this method proves in actual practice.

CHAPTER IX

THE NEW YORK-CHICAGO PERCENTAGE RATE SYSTEM—Continued

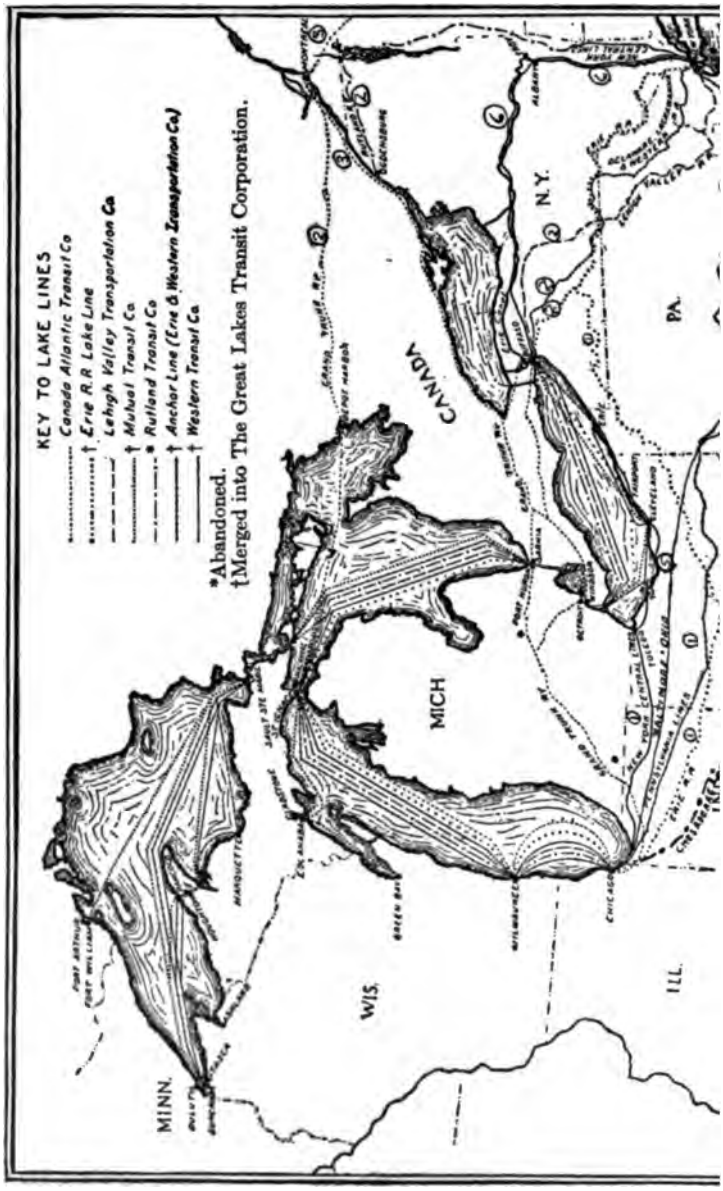
Routes

The method under which the percentage groups are determined having been set forth, it is well, at this time, to consider the existing rates applying between New York and Chicago, since they are the basing rates which are used to determine the rates between New England and Trunk Line territories on the one hand and Central Freight Association Territory on the other, as well as some points in Eastern Canada.

Table 14 shows the westbound class rates from New York and other seaboard points to Chicago, via the various classes of routes, and the differentials that specific routes are conceded under the all-rail rates.

The necessity of these differentials is to equalize the competition of the direct and indirect lines. It is only natural that the more circuitous lines and those having a relatively slower service should adjust their rates with relation to the rates established by the direct all-rail lines, making the direct all-rail rates the standard by which the other rates are measured. From this comes the term "standard all-rail rates."

Diagram 9 indicates several of the more important routes serving Chicago and New York. The all-rail routes are indicated by line 1; the rail-and-lake routes by line 2; Long Island Sound and the Canadian routes by


KEY TO LAKE LINES
Canada Atlantic Transit Co
† Erie R.R Lake Line
Lehigh Valley Transportation Co
† Mutual Transit Co
* Rutland Transit Co
† Anchor Line (Erie & Western Transportation Co.)
† Western Transit Co.
*Abandoned.
†Merged into The Great Lakes Transit Corporation.
MINN.
WIS.
MICH
CANADA
N.Y.
PA.
ILL.

line 3; the ocean-and-rail routes through Virginia ports by line 4; the ocean-and-rail routes, through Baltimore by line 5; Hudson River and Erie Canal by line 6.

During the season of navigation on the Great Lakes there is not much choice between the service rendered via the rail-and-lake routes and that via the ocean-and-rail routes through the Virginia ports and Baltimore. Since the character of the service is the same, necessitating transshipping from vessel to car, or vice versa, at one or more of the ports, we find that the charges or rates of transportation are adjusted on approximately the same basis.[1]

The route through Long Island Sound to New London, Conn., and thence via the Central Vermont Railway and its Canadian connections not only involves the transshipment feature but also a much greater distance. To offset this disadvantage, the rates via this line are adjusted on a somewhat lower basis than that which obtains under the ocean-and-rail and rail-and-lake routes.

Transportation by way of the Hudson River, the Erie Canal, and the Great Lakes naturally attracts only the lower classes of traffic, in which service and the element of time are minor considerations. The length of time needed for the journey, the various transshipments required, and the element of risk and marine insurance all warrant the establishment of rates via this route on a lower scale than is accorded any of the other routes serving the community.

However, as the rail-and-water adjustment constitutes a later chapter of this treatise, we shall not attempt at this time to go into the matter at any length. Suffice it to say that shippers or receivers of freight who can avail

[1] Note that the ocean-and-rail rates are higher during the season when lake navigation is closed.

themselves of these differential routes can effect a material saving in the transportation charges as compared with the all-rail rates and routes.

To exemplify further the disparity in the eastbound and westbound adjustments, Tables 15 and 16 show a representative line of commodity rates in each direction.

TABLE 15①

COMMODITY RATES VIA STANDARD ALL-RAIL LINES FROM NEW YORK TO CHICAGO

COMMODITY	②RATE
Bagging, burlap	30
Brick, common	28
Cement	22
Coffee	36
Ferro manganese	6.00③
Fuller's earth	26.5
Kainit	26.5
Lemons	48.5
Oranges	48.5
Oysters	48
Oyster shells, crushed	23
Paving blocks, stone	26.5
Petroleum oil	33
Potash, muriate of	26.5
Salt	24
Soda, bicarbonate of	26.5
Sugar	31.5
Sulphur, crude	23
Tin, pig	29
Wood pulp	26.5
Zinc ashes	6.00④

①Rates are governed by the Official Classification.
②Unless otherwise specified, rates are in cents per 100 pounds in carloads.
③Per ton of 2,240 pounds.
④Per ton of 2,000 pounds.

It will be noted from Table 15 that the commodities are such as are peculiar to the east, as manufactured articles, imported commodities, or natural products.

TABLE 16[1]

COMMODITY RATES VIA STANDARD ALL-RAIL LINES FROM CHICAGO TO NEW YORK

COMMODITY	[2]RATE
Asphaltum	24
Binders, board	24
Brick	25.5
Cattle	38
Cement	22
Copper	24
Grain	24.5
Grain products	25
Hogs	38
Horses and mules	74
Iron and steel articles, for export	32.5
Lead	22
Magazines (returned)	42
Meat, fresh	55
Ore, copper	24
Salt	27
Sodas	26.5
Spelter	19.5
Syrup, corn	29

[1] Rates are governed by the Official Classification.
[2] Rates are in cents per 100 pounds in carloads.

Table 16 shows rates under the eastbound commodity adjustment which are confined to articles produced in large quantities and which constitute no small proportion of the traffic in so far as the middle west is concerned. It will be observed that on articles which are produced in the east and west, such as cement and soda, the rates are the same in both directions. This procedure puts manufacturers and dealers in this line of articles on a parity as to rates.

The rates on these few representative articles have been reproduced in order to give a more definite idea of the rates between New York and Chicago than could be obtained from the table of class rates. The rates between New York and Chicago, both class and commodity, are

the base factors on which rates are constructed between all points east of the Western Termini on the one hand and all Central Freight Association points on the other. There are some modifications in the system in its application to class rates, and there are many more in its application to commodity rates. However, the system is applied to commodity rates to a considerable degree as well as to class rates generally throughout the territory, overlapping in some cases into Canadian Freight Association Territory on the north and into Southern Territory on the south.

CHAPTER X

ALL-RAIL RATES WESTBOUND

From New York and New York Rate Points to Western Percentage Groups

(a) Class Rates

In the chapter devoted to the development of the percentage system, mention was made of the fact that in some cases a point does not fall in the same group on westbound traffic that it does on eastbound traffic. Special emphasis is laid upon this point at this time. A comparison of Maps 4 and 6 of the *Atlas of Railway Traffic Maps* will disclose many instances of this kind. Evansville, Ind., is in the 110 per cent group under the westbound adjustment and in the 105 per cent group under the eastbound adjustment. Findlay, Ohio, is in 80 per cent territory on westbound and 79 per cent territory in eastbound. Consequently, the respective maps should be referred to in each instance to determine accurately the group location of the point of destination or the point of origin involved.

As Chicago, Ill., however, is in the 100 per cent group on both Maps 4 and 6, it is natural to find that the rates via the standard all-rail routes in both directions are the same on classified freight, the current rates being as follows:

Classes	1	2	R25	3	R26	R28	4	5	6
Rates	90	79	67	60	48	48.5	42	36	30

To illustrate how these rates are used as the basis or basing rates on which the class rates are constructed to

points other than Chicago (and those in the 100 per cent group), the following examples are given:

Indianapolis, Ind., is shown on Map 4 of the *Atlas of Railway Traffic Maps,* in a group designated by the numeral 93, which indicates that points in this group take 93 per cent of the New York-Chicago rates, and applying this percentage to the above-mentioned scale, the following rates are obtained:

Classes	1	2	3	4	5	6
Rates	83.70	73.47	55.80	39.06	33.48	27.90

Under the application of the rule for the disposition of fractions, those of less than ¼ or .25 of a cent omit. Fractions of ¼ or .25 or greater, but less than ¾ or .75, state as ½ or .5 of a cent. Fractions of ¾ or .75 of a cent or greater, increase to the next whole figure.

Classes	1	2	3	4	5	6
Rates	83.5	73.5	56	39	33.5	28

As the irregular classes, namely, Rule 25, Rule 26, and Rule 28, are predicated on the regular classes, they cannot be constructed by taking the required percentage of the Chicago rates for the irregular classes, but must be constructed with reference to the regular classes established to the group points. For example, the second-class rate to Indianapolis is shown as 73.5 cents, and as Rule 25 is made 15 per cent less than the second-class rate, by deducting 15 per cent of this amount, which is 11 cents, we obtain 62.5 cents, as the Rule-25 class rate, New York to Indianapolis. Similarly, were it desired to construct the rate on Rule 26, we would deduct 20 per cent of the third-class rate (or 11 cents) from the third-class rate of 56 cents, obtaining 45 cents as the result, which is the Rule-26 class rate, New York to Indianapolis.

The class rate for Rule 28 is based upon the existing difference between the third-class and fourth-class rates

established to the points in question. In this instance, as this difference amounts to 17 cents according to the figures set forth in Table 4, 5.95 cents, or 6 cents, is added to the fourth-class rate, making the rate 45 cents.

Following the procedure outlined above, it is possible to construct the rates from New York to any point in the percentage groups. The computations may be readily proved by comparing them with the new York percentage-group class rates shown in Table 17 which are reproduced from tariff publications of the carriers.

TABLE 17②

CLASS RATES FROM NEW YORK, N. Y., VIA STANDARD ALL-RAIL ROUTES TO PERCENTAGE GROUPS SHOWN ON MAP 4

To Percentage Groups	Classes								
	Rates in Cents per 100 Pounds								
	1	2	3	4	5	6	R25	R26	R28
66½	60	52½	40	28	24	20	44½	32	32
67	60½	53	40	28	24	20	45	32	32
68	61	53½	41	28½	24½	20½	45½	33	33
69	62	54½	41½	29	25	20½	46½	33	33½
70	63	55½	42	29½	25	21	47	33½	34
71	64	56	42½	30	25½	21½	47½	34	34½
72	65	57	43	30	26	21½	48½	34½	34½
73	65½	57½	44	30½	26½	22	49	35	35
74	66½	58½	44½	31	26½	22	49½	35½	35½
75	67½	59½	45	31½	27	22½	50½	36	36
76	68½	60	45½	32	27½	23	51	36½	36½
77	69½	61	46	32½	27½	23	52	37	37
78	70	61½	47	33	28	23½	52½	37½	38
79	71	62½	47½	33	28½	23½	53	38	38
80	72	63	48	33½	29	24	53½	38½	38½
81	73	64	48½	34	29	24½	54½	39	39
82	74	65	49	34½	29½	24½	55½	39	39½
83	74½	65½	50	35	30	25	55½	40	40½
84	75½	66½	50½	35½	30	25	56½	40½	41
85	76½	67	51	35½	30½	25½	57½	41	41
86	77½	68	51½	36	31	26	58	41	41½
87	78½	68½	52	36½	31½	26	58	41½	42
88	79	69½	53	37	31½	26½	59	42½	42½
89	80	70½	53½	37½	32	26½	60	43	43
90	81	71	54	38	32½	27	60½	43	43½
91	82	72	54½	38	33	27½	61	43½	44
92	83	72½	55	38½	33	27½	61½	44	44½
93	83½	73½	56	39	33½	28	62½	45	45
94	84½	74½	56½	39½	34	28	63½	45	45½
95	85½	75	57	40	34	28½	64	45½	46
96	86½	76	57½	40½	34½	29	64½	46	46½

TABLE 17—Continued

CLASS RATES FROM NEW YORK, N. Y., VIA STANDARD ALL-RAIL ROUTES TO PERCENTAGE GROUPS SHOWN ON MAP 4

To Percentage Groups	Classes								
	Rates in Cents per 100 Pounds								
	1	2	3	4	5	6	R25	R26	R28
97	87½	76½	58	40½	35	29	65	46½	46½
98	88	77½	59	41	35½	29½	66	47	47½
99	89	78	59½	41½	35½	29½	66½	47½	48
100	90	79	60	42	36	30	67	48	48½
101	91	80	60½	42½	36½	30½	68	48½	49
102	92	80½	61	43	36½	30½	68½	49	49½
103	92½	81½	62	43½	37	31	69½	49½	50
104	93½	82	62½	43½	37½	31	69½	50	50
105	94½	83	63	44	38	31½	70½	50½	50½
106	95½	83½	63½	44½	38	32	71	51	51
107	96½	84½	64	45	38½	32	72	51	51½
108	97	85½	65	45½	39	32½	72½	52	52½
109	98	86	65½	46	39	32½	73	52½	53
110	99	87	66	46	39½	33	74	53	53
111	100	87½	66½	46½	40	33½	74½	53	53½
112	101	88½	67	47	40½	33½	75	53½	54
113	101½	89½	68	47½	40½	34	76	54½	54½
114	102½	90	68½	48	41	34	76½	55	55
115	103½	91	69	48½	41½	34½	77½	55	55½
116	104½	91½	69½	48½	42	35	78	55½	56
117	105½	92½	70	49	42	35	78½	56	56½
118	106	93	71	49½	42½	35½	79	57	57
119	107	94	71½	50	43	35½	80	57	57½
120	108	95	72	50½	43	36	80½	57½	58

①Reproduced from N. Y. C. R. R. I. C. C. N. Y. C. No. 4809

(b) Commodity Rates

The commodity-rate adjustment very closely follows that employed in establishing the class rates. There is, however, this distinction to be observed, that while some commodities have what is known as a general authorization applying from all of the eastern base points to all of the western percentage groups, other commodities are specifically authorized, and the rates thereon, known as specific commodity rates, apply only from and to specified points of origin and destination. Although both may be made under the percentage principle, the former

class takes in such articles as are not peculiar to any one given point but are produced in considerable quantities throughout the territory, such as sandstone, lime, manufactured iron, and cement, of which it may be reasonably supposed there is a movement from and to all points, while the latter class takes in such articles as may be produced or manufactured in one locality, or which move from one or more of the seaboard cities, such as charcoal, electrical machinery, or import traffic. For example, considerable quantities of coffee might be imported through the north Atlantic ports as well as minerals, chemicals, and other commodities not common to this country. As they would unquestionably move from port of entry to final destination, there is no necessity for publishing a rate on carload shipments of coffee from such interior points as Ogdensburg, New Berlin, and Rochester, N. Y., Scranton, Pa., or others. Charcoal is manufactured and shipped from Rochester, N. Y. Consequently, we find in the publications of the carriers that these rates are authorized to apply only from specified points of origin and in some cases to specified destinations.

Where a commodity has a general authorization, however, it is scaled in accordance with the percentage principle announced in connection with the class rates. The same process is generally employed on low-grade commodities or on highly competitive articles with the reservation that in some cases fractions are not perpetuated and frequently minimum rates are established which defeat the application of the percentage basis in so far as some few points may be concerned.

The rates from New York and New York rate points to western percentage groups on ten selected commodities are reproduced in Table 18.

TABLE 18①—Continued

COMMODITY RATES FOR 10 COMMODITIES IN CARLOADS FROM NEW YORK RATE POINTS TO PERCENTAGE GROUPS 60-120
RATES IN CENTS PER 100 POUNDS, UNLESS OTHERWISE SPECIFIED

PERCENTAGE GROUPS	Pig Lead	Brimstone	Clay	Woods of Value	Ammunition (Fixed)	Cordage	Oysters in Shells	Bags, New Cotton	Pig Iron②	Axles, Car, Old②
113.....	25	26	27	34	35	40.5	54.5	61.5	6.50	6.80
114.....	25	26	27.5	34	35.5	41	55	62	6.60	6.80
115.....	25.5	26.5	27.5	34.5	35.5	41.5	55	62.5	6.60	6.90
116.....	25.5	26.5	28	35	36	42	55.5	63	6.70	7.00
117.....	25.5	27	28	35	36.5	42	56	64	6.70	7.00
118.....	26	27	28.5	35.5	36.5	42.5	57	64.5	6.80	7.10
119.....	26	27.5	28.5	35.5	37	43	57	65	6.80	7.10
120.....	26.5	27.5	29	36	37	43	57.5	65.5	6.90	7.20

①Check with N. Y. C. R. R. Tariff 6457 effective May 15, 1918.
②Per ton of 2240 lbs.

From the foregoing, it may be observed that in all cases the rates as indicated are not a corresponding percentage of the base rates to Chicago. The rate on pig lead from New York to Chicago is given as 22 cents. Sixty per cent of this amount would be 13 cents, but, as disclosed by the table, the rate established to the 60 per cent group on this commodity is 15.5 cents. This procedure is necessary because a strict application of the percentage principles for such low-grade commodities as cement, pig lead, brimstone, etc., to short-haul points would result in a rate which would hardly cover the expense of transportation. Consequently, it will be found that in connection with many commodities moving to the 60 per cent group, minimum rate requirements are provided. These requirements are designed to insure to the carrier adequate return for the service rendered, considering all destinations in the group. For example, while 13 cents might yield an adequate return as applied to points immediately west of Buffalo, to points

in the western extremity of the 60 per cent group, such as Erie, Pa., Wheeling, W. Va., and Meadville, Pa., etc., the rate would not yield its proper proportion of transportation revenue.

So we find, in connection with this table, that a special basis has been authorized to apply in connection with the rates applying on pig lead, brimstone, and fixed ammunition.

In its decision in the so-called "Five-Per-Cent Case," the Interstate Commerce Commission held that where rates had been increased since July 29, 1914, such rates were not to be increased again so as to exceed those in effect on that date by an aggregate of more than 5 per cent. The rates on pig lead, brimstone, and fixed ammunition were increased, effective during December, 1914, so that with the exception of certain of the rates on brimstone, which situation is explained herein, no advances were made in the rates on these commodities. The rule for the disposition of fractions where no increases were made is as follows: fractions of one-half cent and over are computed as whole numbers and fractions of less than one-half cent are disregarded.

On brimstone a basing rate of 23 cents from New York to Chicago is used, subject to the following minimum rates from New York:

Points taking over 71 per cent	19.5 cents
Points taking 70 and 71 per cent	18 cents
Points taking 67 per cent	17 cents
Points taking 60 per cent	15 cents

On fixed ammunition, that is, cartridges, paper or metallic shells, a base rate of 31 cents from New York to Chicago is used, observing the rates established to the 80 per cent group as minimum rates to all points taking less than 80 per cent.

[1] 31 I. C. C. Rep. 351.

The rate on clay is established on a basing rate of 24 cents from New York to Chicago, subject to the rate to 82 per cent group points as minimum to points in the 82 per cent group, to and including points in the 67 per cent group. While this minimum rate, 19.5 cents, represents the normal percentage of the New York-Chicago rate for points in the 82 per cent group, this basis is violated in an increasing degree up to, but not including, the 60 per cent group. When the 60 per cent group is reached, conditions there encountered make it advantageous to fix a 17 cent rate, which, while lower than the rates to points in groups west thereof, is not so low as strict conformity with the percentage system would make it.

The greater portion of the deviations from the authorized percentage principle of establishing rates will be found in the eastern percentage groups. In many cases, to the Western Termini Points proper, the percentage principle is disregarded entirely. Buffalo, N. Y., while shown in the 60 per cent group in the *Atlas of Railway Traffic Maps* is not always so regarded as it is so situated with respect to water competition to and from the seaboard by way of the Erie Canal and the Hudson River that the rates have been depressed somewhat below the rate obtaining under the percentage adjustment. To influence the movement of some commodities, it is necessary for trunk lines not serving Buffalo to establish the same rates to their western termini, such as Pittsburgh, Pa., Wheeling, W. Va., and Charleston, W. Va., as those made to Buffalo, as the competition for business through these points to and from the west is very keen among these independent systems.

As the distance from the point of origin becomes greater, these exceptions become more rare. The percentage principle is generally adhered to, except perhaps as to such commodities as brimstone, which, on account

of being consumed at few points, is greatly restricted in its movement. The fact that the imported product comes into competition with the domestic product from the Louisiana mines necessitates the blanketing of rates over a larger territory than would obtain were it not for these conditions. Consequently, rather than establish a high rate in the first instance and scale it in accordance with the percentage adjustment, a low rate is established and observed as a minimum throughout a large part of the territory. It will be observed, as far as this commodity is concerned, that 19.5 cents is held as a minimum rate in a blanket applying from the 72 per cent to the 85 per cent groups, inclusive. By this means the consuming points are placed on a parity with each other on this particular traffic.

It will be observed that the other commodities, however, are scaled on the authorized percentage basis and that the fractions are perpetuated under the rule for the disposition thereof, set forth in connection with the discussion relating to the class rates.

It is possible to take any one of the publications of the carriers in Trunk Line Territory, naming commodity rates from eastern points of origin to western percentage territory, and check the rates published therein from the information set forth in this particular section. An inspection of the rate, whether it carries a fraction or not, will indicate whether it is on the old basis or the new, and where it is blanketed or extended over a large area of territory, one may safely infer that the minimum rate is that established to the furthermost percentage group.

And for those who have access to such publications, there is no more convenient method to employ than to take one and compute the rates shown therein on the basis set forth in this chapter.

CHAPTER XI

ALL-RAIL RATES WESTBOUND—Continued

The Adjustment of Rates from Other Eastern Basing Points

(a) Class Rates

It has been shown how the rates established from New York to Chicago are used in establishing rates from New York to other points in percentage territory. It now becomes necessary to illustrate the application of the New York rates from other eastern points of origin, which are hinged or based on the rates established from New York. In taking up the adjustment, reference should be made to Map 5 of the *Atlas of Railway Traffic Maps,* whereon are indicated the more important of the eastern base points, showing the territory from which the rates are applied. The eastern basing points as indicated thereon are as follows:

Albany, N. Y.	Syracuse, N. Y.	Boston, Mass.
Philadelphia, Pa.	Belington, W. Va.	Ogdensburg, N. Y.
Scranton, Pa.	Lexington, Va.	Rochester, N. Y.
Baltimore, Md.	Richwood, W. Va.	Virginia Cities.
Cumberland, Md.	Williamsport, Pa.	

The last-named group includes, among others, Newport News, Lynchburg, Richmond, and Petersburg, Va.

In addition to these groups, there are a number of other groups indicated by the addition of the word "plus" or the sign "+." For example, rates from Long Island are made certain differentials over the New York rates and this is indicated on the map by the term "New York plus." Also the group immediately

south of New Jersey is marked "New York plus" and for the same reason. There are numerous other groups marked as taking arbitraries or local rates over the basing groups, sometimes the plus sign being employed instead of the word "plus."

While the greater part of the New England States is shown as taking the Boston adjustment of freight rates, the Boston rates apply in general only from main-line points on the more important systems. Small lines, and branch lines as well, are adjusted on a differential basis, which may be found by adding fixed amounts to the base-point rates, or by the addition of the full local rate.

The main-line stations, however, are accorded the Boston rates, which are blanketed over the entire territory and applied to all points in percentage groups. The rates from Boston (which apply from approximately all main-line points in New England and a considerable number of points in the Dominion of Canada) to percentage points taking 71 per cent of the Chicago rates and higher are identical with the New York rates to the same destinations.

It is common to blanket rates to or from intermediate points, but it is rare to accord the base rates to wide areas *beyond* the basing point, as done in this instance. Blanket rates are usually applied to the intermediate points and not to points beyond. For this reason, the territory covered by the Boston rate group is particularly favored by the application of the New York rates.

The aim of this procedure is apparent, in that manufacturers and merchants located all over New England are placed on a parity with manufacturers and merchants nearer the points of consumption and are enabled thus to market their products at transportation costs not greatly in excess of those applying from many large manufacturing points within Trunk Line Territory.

Indeed, it may be said that at times, especially during

the early days of the development of this rate structure, the carriers serving the seaboard cities in the New England States provided rates to western destinations that were less than those currently maintained from New York, Philadelphia, and other seaboard cities in Trunk Line Territory. Particularly was this true of the Canadian lines operating by way of Portland and through the Dominion of Canada to western United States points (through the Niagara and the Detroit and St. Clair River frontiers). With the fixing of agreed differentials for the respective routes, this feature has been overcome, and now standard all-rail rates from Boston are not lower than the standard all-rail rates from New York; neither are the differential rates of the same kind from Boston less than from New York, although in both instances, the differential rates are less than the standard all-rail rates.

Table 19 has been prepared with a view of setting forth, in a very explicit manner, the general basis for the construction of rates from eastern base points other than New York. The various items comprising the table will now be taken up in order and an illustration given of the application of each.

TABLE 19

I. Basis of Class Rates from the Eastern Basing Groups Specified to Central Freight Association Territory

Item	From Eastern Base Points	To Percentage Groups	In Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
1	Boston, Mass.	Buffalo, N. Y.	5	5	2.5	2.5	2.5	2	Higher than rates from New York to the same points
		Erie, Pa.	5	4	3	3	2.5	2	
		Pittsburgh, Pa.							
		60							
		67	3	2.5	2	1.5	1.5	1	
		70	.5	.5	.5	.5	.5	.5	
		71-120							New York rates

TABLE 19—Continued

I. Basis of Class Rates from the Eastern Basing Groups Specified to Central Freight Association Territory

Item	From Eastern Base Points	To Percentage Groups	In Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
2	Albany, N. Y.	60	6	6	2	2	2	2	Less than the rates from New York to the same points
		67	11.5	11	5.5	4.5	4	4	
		70	6	6	2	2	2	2	
		71	14.5	13.5	8	6	5.5	5	
		72	15.5	13.5	8.5	6.5	6	5	
		73	16	13.5	9	7	6	5.5	
		74	16	13.5	9.5	7	6.5	5.5	
		75	16	13.5	10	7.5	6.5	5.5	
		76	16	13.5	10.5	7.5	6.5	5.5	
		77	16	13.5	10.5	7.5	6.5	5.5	
		78-120							New York rates to the same points less 20% of New York-Chicago rates
2½	New Berlin, N. Y.	60							Same rates as from New York
		67							
		70	....	....	....	....	....	....	Lower than rates from New York
		71	0.5	0	0.5	0.5	0	0	
		72	1	1	1	1	0	0.5	
		73	2	1.5	1.5	1	0.5	0.5	
		74	3	2	2	1.5	0.5	1	
		75	3.5	3	2.5	2	1	1	
		76	4.5	3.5	3	2.5	1.5	1.5	
		77	5	4.5	3.5	2.5	1.5	2	
		78-120	6	5	4	3	2	2	
3	Ogdensburg, N. Y.	60	5	4	3	3	2.5	2	Higher than New York rates to the same points
		67	0.5	1.5	2	1	0.5	1	
		70	....	....	....	....	....	....	
		71	2.5	1	0.5	0.5	1	0	Lower than New York rates to the same points
		72	3	2	1	1	1	0.5	
		73	4	2.5	1.5	1	1.5	0.5	
		74	5	3	2	1.5	1.5	1	
		75	5.5	4	2.5	2	2	1	
		76	6.5	4.5	3	2.5	2.5	1.5	
		77	7	5.5	3.5	2.5	2.5	2	
		78	8	6	4	3	3	2	
		79	9	6.5	4.5	3.5	3.5	2.5	
		80	9.5	7.5	5	3.5	3.5	2.5	
		81	10	8	5.5	4	4	3	
		82-120	10	8	6	4	4	3	
4	Rochester, N. Y. Syracuse, N. Y.	60	9.5	8.5	7.5	5.5	4	3	Lower than New York rates to the same points
		67	15	13	11	8	6.5	5	
		70	10.5	9	7	5	4	3.5	
		71	18	16	13	9.5	7.5	6	
		72-120							70% of New York rates

TABLE 19—CONTINUED

I. BASIS OF CLASS RATES FROM THE EASTERN BASING GROUPS SPECIFIED TO CENTRAL FREIGHT ASSOCIATION TERRITORY

Item	From Eastern Base Points	To Percentage Groups	In Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
5	Philadelphia, Pa.	60-120	6	6	2	2	2	2	Lower than New York rates to the same points
6	Baltimore, Md.	60-120	8	8	3	3	3	3	Lower than New York rates to the same points
7	Scranton, Pa.	60	48	41.5	34	23	19.5	16	Same rates as from Philadelphia
		67	48.5	42.5	34	27	19.5	16	Arbitrary rates
		70	57	49.5	40	27.5	23	19	
		71-120							80% of rates New York to the same points
8	Williamsport, Pa.	60	46	39.5	33	22	18.5	15	Same rates as from Baltimore
		67	46.5	41	33	22	18.5	15.5	Arbitrary rates
		70	55	47.5	39	23	19.5	16.5	
		71-120							77% of rates New York to the same points
9	Cumberland, Md.	60 (1)	46	39.5	33	22	18.5	15	Arbitrary rates
		67	46.5	41	33	22	18.5	15.5	
		70	(2) 55	47.5	39	23	19.5	16.5	Via Wn. Md. Ry. Via B. & O. R. R. Arbitrary rates
		71-120							77% of rates New York to the same points

TABLE 19—Continued

I. Basis of Class Rates from the Eastern Basing Groups Specified to Central Freight Association Territory

Item	From Eastern Groups	To Percentage Groups	In Cents per 100 Pounds — Classes 1	2	3	4	5	6	Remarks
10	Belington, W. Va.③	60-120	Cumberland rates but not less than						
			55.5	48.5	37	26	22.5	18.5	
11	Richwood, W. Va.③	60-120	Cumberland rates but not less than						
			60.5	52.5	40	28	24.5	20	
12	Washington, D. C.④	60-120	8	8	3	3	3	3	
			under New York rates but not less than						
			66.5	58	43	29.5	24.5	20	
13	Virginia Cities	95-120	8	6	4	3	2	2	
			under Baltimore rates						
		60-94	8	6	4	3	2	2	
			under Baltimore rates but not less than the rates shown below (minimum rates)						
		60 and 67	66.5	58	43	29.5	24.5	20	
		66	68	58.5	47	32	27.5	22	
		70-76	66.5	58	43	29.5	24.5	20	
		78	66.5	58	44	30	25	20.5	
		79	66.5	58	44.5	30	25.5	20.5	
		80	66.5	58	45	30.5	26	21	
		81	66.5	58	45.5	31	26	21.5	
		82	66.5	58	46	31.5	26.5	21.5	
		83	66.5	58	46	31.5	27	22	
		84	67.5	58.5	46	31.5	27	22	
		85	67.5	58.5	46	31.5	27.5	22	
		86	67.5	58.5	46	31.5	27.5	22	
		87	67.5	58.5	46	31.5	27.5	22	
		88	67.5	58.5	46	31.5	27.5	22	
		89	67.5	58.5	46.5	31.5	27.5	22	
		90	67.5	58.5	47	32	27.5	22	
		92	67.5	58.5	48	32.5	28	22.5	
		93	67.5	59.5	49	33	28.5	23	
		94	68.5	60.5	49.5	33.5	29	23	

①Except that to Pittsburgh and Wheeling the rates shown in note ② apply.

②Except that to Parkersburg the rates shown below apply.

Classes	1	2	3	4	5	6
Rates	43.5	36	28	19.5	17	13.5

③Except that to all points north of Butler, Pa., on B. & L. E. R. R.; all points on D. A. V. & P. R. R.; all points on J. W. & N. W. R. R.; all points northeast of Butler to Mt. Jewett, Pa., on B. & O. R. R.; all points east of Ashtabula, Ohio, on N. Y. C. & St. L. R. R.; all points east of Youngstown, Ohio, and Transfer, Pa., on Erie R. R.; and all points east of the line Ashtabula to Youngstown through Andover, Ohio, on L. S. & M. S. R. R., the following rates apply:

Classes	1	2	3	4	5	6
Rates	66.5	58	43	29.5	24.5	20

④B. & O. R. R. name Baltimore rates from Washington, without minima. Minimim scale is published by C. & O. Ry.

Boston, Mass.—In item 1, Table 19, it will be observed that the rates from Boston, Mass., and points taking Boston rates to points east of, but not including, the 71 per cent group are made certain figures or differentials (as they are designated) over the rates from New York to the same destinations. These figures express (as far as is possible by means of figures) the relative advantage of the locations of New York and Boston on shipments destined to these points. The addition of these figures or differentials to the rates from New York will give the rates that must be maintained by the initial lines in constructing their freight publications which name rates from Boston, Mass., and other points taking Boston rates. To destinations located west of the points referred to above or to points in percentage groups 71 to 120 inclusive, the rates are the same as apply from New York to the same destinations. While to points located east of the 71 per cent group New York has lower rates, to the territory west thereof the Boston group has the benefit of the same rates as apply from New York.

Albany, N. Y.—The rates from Albany and points taking Albany rates to percentage groups lying east of, and including, the 77 per cent group are fixed with relation to the rates from New York to the same destinations, but the differentials are *under* the rates from New York, whereas it was learned from the preceding paragraph that the rates from Boston, Mass., to points east of, but not including, the 71 per cent group are certain amounts *over* the rates from New York. Albany and many of the points of origin taking Albany rates are located close to the head of, or are reached by, the Erie Canal. These points are very much less important from a traffic standpoint than New York and Boston but are given rates which are lower than those in effect from either New York or Boston to the same destinations and which

enable this group of points to compete on equitable terms with the two larger cities named. This indicates, in some degree, the advantage of the Erie Canal as a medium for compelling lower rates.

To percentage territories lying west of the 77 per cent group, the percentage principle is applied in constructing the rates from Albany, it being first necessary to construct the rates from New York to the desired percentage group. Assuming that it is desired to construct rates to the 110 per cent group, we would obtain as the rates from New York to the 110 per cent group the following figures:

Classes	1	2	3	4	5	6
Rates	99	87	66	46	39.5	33

from which is to be deducted 20 per cent of the New York-Chicago rate, as provided in Table 19, which is as follows:

Classes	1	2	3	4	5	6
Rates	18	16	12	8.5	7	6

This results in a scale of rates as follows:

Classes	1	2	3	4	5	6
Rates	81	71	54	37.5	32.5	27

Representative rates from Albany to other percentage groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	49.5	42.5	34.5	24	20	16.5
80% group rates	54	47	36	25	22	18

New Berlin, N. Y.—The location of this group will indicate that to short-haul points the distance does not materially differ from that from the New York group. To percentage points including the 60 to the 67 per

cent groups, the rates are made the same as from New York.

To the other percentage groups, in order to avoid abrupt increases or decreases in rates, certain differential or arbitrary scales have been established, under which the rates are constructed from New Berlin and points taking the same rates. It will be observed that as the distance becomes greater and greater, the arbitrary scale increases. That is, while only five-tenths of one cent is subtracted from the New York rate in making the first-class rate to the 71 per cent group, the deduction to the 78 per cent group is 6 cents.

Representative rates from this group to western percentage groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	63.5	56	42.5	29.5	25.5	21.5
80% group rates	66	58	44	30.5	27	22

In connection with this adjustment, it must be noted that it is not observed in all cases by all lines. For example, the New York, Ontario and Western Railway in establishing rates from New Berlin and points taking the same rates employs the New York rates with certain exceptions and restrictions.

Ogdensburg, N. Y.—In this case, we have an adjustment of rates where, to the short-haul points, the rates are made by the *addition* of arbitraries to the New York rates, and to the long-haul points, by the *deduction* of arbitrary scales from the New York rates.

Representative rates to some of the groups obtained under this scale are as follows:

Classes	1	2	3	4	5	6
60% group rates	59	51.5	39	28	24	20
78% group rates	62	55.5	43	30	25	21.5

Rochester-Syracuse, N. Y., and Points Taking the Same Rates.—In this case, as was the case with respect to the construction of rates from Albany to short-haul points, we have an arbitrary adjustment (providing for the deduction of certain arbitrary scales from the New York rates) and to other points, the application of a fixed percentage. The application of the percentage principle in this instance is quite simple, and no illustration is required. Representative rates obtained under the existing adjustment are indicated below:

Classes	1	2	3	4	5	6
71% group rates	46	40	29.5	20.5	18	15.5
83% group rates	52	46	35	24.5	21	17.5

Philadelphia, Pa., Baltimore, Md., and Points Taking the Same Rates.—The adjustment of rates from both Philadelphia and Baltimore is quite simple, owing to the fixed differentials that have been conceded these ports and related points under the existing rates established from New York. The purpose of the differentials is to equalize the competition of the stronger port of New York, and to enable Philadelphia and Baltimore to attract a portion of the vast tonnage which moves through the Atlantic Ports to and from foreign countries. It is not unlikely, at least it has been so alleged, that were this not the case, New York by reason of superior advantages, more frequent sailings, etc., would attract a greater portion of this traffic in a short time. While this may be open to question, it is the principle under which these differentials have been established.

It will be noted that these differentials do not vary as do the arbitrary scales mentioned in the preceding adjustment. That is, the first-class rate from Phila-

delphia to the 60 per cent group is 6 cents under the New York rate, as is the rate to the 120 per cent group.

In passing, it may be said that in the application of these differentials, where commodity rates are established which are the same as the class rates, the corresponding class differential is deducted from the New York rate, and that where the commodity rate is not the same as the class rate, the rate established for the next higher class will be employed. In other words, if a commodity rate were established on the basis of 20 cents, New York to Chicago (this being less than the sixth-class rate), it would involve the deduction of the sixth-class differential in establishing the rate from either Philadelphia or Baltimore, as this is the next higher class rate.

Scranton, Pa., and Points Taking the Same Rates.—In connection with this adjustment, there is one feature which has not as yet been introduced, and that is the establishment of arbitrary rates in serving some of the percentage groups. For example, we find that to the 60 per cent group, rates are made the same as from Philadelphia, and that to the 67 and 70 per cent groups, certain figures are named which are called arbitrary rates, which rates are made without reference to the existing adjustment in the construction of rates in general from this point.

It is well, in this connection, to draw a distinction as to the terms "arbitrary" and "arbitrary rates." The former is usually a sum that is added to, or subtracted from, the rate to a base point to construct a through rate between two given points, while an arbitrary rate is one that is constructed independently or arbitrarily by one or more carriers to apply between given points without relation or reference to other rates that may be established between those points and points in related territory. The use of arbitrary rates

in cases like this is due to peculiar traffic conditions which cause the carriers to depart from the usual basis.

To points in percentage groups 71 to 120, inclusive, the Scranton rates are made 80 per cent of the existing New York rate to the same group. Rates to selected groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	51	45	34	24	20.5	17
78% group rates	56	49	37.5	26.5	22.5	19
90% group rates	65	57	43	30.5	26	21.5
110% group rates	79	69.5	53	37	31.5	26.5

Williamsport, Pa., and Points Taking the Same Rates.—As shown in item 8 of Table 19, the rate from Williamsport, Pa., to the 60 per cent group, is the same as from Baltimore, but to both the 67 and 70 per cent groups, rates are arbitrarily established on a 46.5-cent and a 55-cent scale, respectively. From Williamsport to percentage groups 71 to 120, inclusive, the rates are made 77 per cent of the rates from New York to the same destinations, from which it will be seen that from both the Scranton group and the Williamsport group to the percentage groups above named, the rates are the result of the application of a double percentage system. The rates from New York to the percentage groups are a percentage of the New York-Chicago rates; the rates from Scranton to these percentage groups are a percentage of the New York rates to the same destinations.

Representative rates obtained under the application of this adjustment yield the following figures to the percentage groups designated below:

Classes	1	2	3	4	5	6
71% group rates	49.5	43	32.5	23	19.5	16.5
120% group rates	83	73	55.5	39	33	27.5

Cumberland, Md., and Points Taking the Same Rates.—This adjustment does not differ materially from that employed in establishing rates from Williamsport, Pa., with the exception that the arbitrary scales agreed upon by the interested carriers vary, in some instances, in so far as the rates to the 60, 67, and 70 per cent groups are concerned. The rates to points in the remainder of percentage territory are the same as those established from Williamsport, which are made on the basis of 77 per cent of the New York rates to the same point of destination.

Belington, W. Va., Richwood, W. Va., and Points Taking the Same Rates.—The adjustment employed in establishing rates from Cumberland is also applied in establishing class rates from Richwood and Belington, W. Va., and points taking the same rates, with the proviso that the rates so established must not yield from Belington less than the following scale:

Classes	1	2	3	4	5	6
Rates	55.5	48.5	37	26	22.5	18.5

and from Richwood less than the following scale:

Classes	1	2	3	4	5	6
Rates	60.5	52.5	40	28	24.5	20

These rates are to be observed as minimum rates to points in percentage territory on traffic originating at these points, or points taking the same rates, or in establishing rates from points basing thereon. Of course, as the distance becomes greater or as the rate progresses through the territory, the rates obtained under the application of the percentage principle, in all cases, exceed the minimum scales. It is necessary to observe them only in so far as the short-haul traffic is concerned.

Washington, D. C.—It may be stated, as a general proposition, that the rates or basis for rates to be

enable this group of points to compete on equitable terms with the two larger cities named. This indicates, in some degree, the advantage of the Erie Canal as a medium for compelling lower rates.

To percentage territories lying west of the 77 per cent group, the percentage principle is applied in constructing the rates from Albany, it being first necessary to construct the rates from New York to the desired percentage group. Assuming that it is desired to construct rates to the 110 per cent group, we would obtain as the rates from New York to the 110 per cent group the following figures:

Classes	1	2	3	4	5	6
Rates	99	87	66	46	39.5	33

from which is to be deducted 20 per cent of the New York-Chicago rate, as provided in Table 19, which is as follows:

Classes	1	2	3	4	5	6
Rates	18	16	12	8.5	7	6

This results in a scale of rates as follows:

Classes	1	2	3	4	5	6
Rates	81	71	54	37.5	32.5	27

Representative rates from Albany to other percentage groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	49.5	42.5	34.5	24	20	16.5
80% group rates	54	47	36	25	22	18

New Berlin, N. Y.—The location of this group will indicate that to short-haul points the distance does not materially differ from that from the New York group. To percentage points including the 60 to the 67 per

cent groups, the rates are made the same as from New York.

To the other percentage groups, in order to avoid abrupt increases or decreases in rates, certain differential or arbitrary scales have been established, under which the rates are constructed from New Berlin and points taking the same rates. It will be observed that as the distance becomes greater and greater, the arbitrary scale increases. That is, while only five-tenths of one cent is subtracted from the New York rate in making the first-class rate to the 71 per cent group, the deduction to the 78 per cent group is 6 cents.

Representative rates from this group to western percentage groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	63.5	56	42.5	29.5	25.5	21.5
80% group rates	66	58	44	30.5	27	22

In connection with this adjustment, it must be noted that it is not observed in all cases by all lines. For example, the New York, Ontario and Western Railway in establishing rates from New Berlin and points taking the same rates employs the New York rates with certain exceptions and restrictions.

Ogdensburg, N. Y.—In this case, we have an adjustment of rates where, to the short-haul points, the rates are made by the *addition* of arbitraries to the New York rates, and to the long-haul points, by the *deduction* of arbitrary scales from the New York rates.

Representative rates to some of the groups obtained under this scale are as follows:

Classes	1	2	3	4	5	6
60% group rates	59	51.5	39	28	24	20
78% group rates	62	55.5	43	30	25	21.5

Rochester-Syracuse, N. Y., and Points Taking the Same Rates.—In this case, as was the case with respect to the construction of rates from Albany to short-haul points, we have an arbitrary adjustment (providing for the deduction of certain arbitrary scales from the New York rates) and to other points, the application of a fixed percentage. The application of the percentage principle in this instance is quite simple, and no illustration is required. Representative rates obtained under the existing adjustment are indicated below:

Classes	1	2	3	4	5	6
71% group rates	46	40	29.5	20.5	18	15.5
83% group rates	52	46	35	24.5	21	17.5

Philadelphia, Pa., Baltimore, Md., and Points Taking the Same Rates.—The adjustment of rates from both Philadelphia and Baltimore is quite simple, owing to the fixed differentials that have been conceded these ports and related points under the existing rates established from New York. The purpose of the differentials is to equalize the competition of the stronger port of New York, and to enable Philadelphia and Baltimore to attract a portion of the vast tonnage which moves through the Atlantic Ports to and from foreign countries. It is not unlikely, at least it has been so alleged, that were this not the case, New York by reason of superior advantages, more frequent sailings, etc., would attract a greater portion of this traffic in a short time. While this may be open to question, it is the principle under which these differentials have been established.

It will be noted that these differentials do not vary as do the arbitrary scales mentioned in the preceding adjustment. That is, the first-class rate from Phila-

delphia to the 60 per cent group is 6 cents under the New York rate, as is the rate to the 120 per cent group.

In passing, it may be said that in the application of these differentials, where commodity rates are established which are the same as the class rates, the corresponding class differential is deducted from the New York rate, and that where the commodity rate is not the same as the class rate, the rate established for the next higher class will be employed. In other words, if a commodity rate were established on the basis of 20 cents, New York to Chicago (this being less than the sixth-class rate), it would involve the deduction of the sixth-class differential in establishing the rate from either Philadelphia or Baltimore, as this is the next higher class rate.

Scranton, Pa., and Points Taking the Same Rates.—In connection with this adjustment, there is one feature which has not as yet been introduced, and that is the establishment of arbitrary rates in serving some of the percentage groups. For example, we find that to the 60 per cent group, rates are made the same as from Philadelphia, and that to the 67 and 70 per cent groups, certain figures are named which are called arbitrary rates, which rates are made without reference to the existing adjustment in the construction of rates in general from this point.

It is well, in this connection, to draw a distinction as to the terms "arbitrary" and "arbitrary rates." The former is usually a sum that is added to, or subtracted from, the rate to a base point to construct a through rate between two given points, while an arbitrary rate is one that is constructed independently or arbitrarily by one or more carriers to apply between given points without relation or reference to other rates that may be established between those points and points in related territory. The use of arbitrary rates

enable this group of points to compete on equitable terms with the two larger cities named. This indicates, in some degree, the advantage of the Erie Canal as a medium for compelling lower rates.

To percentage territories lying west of the 77 per cent group, the percentage principle is applied in constructing the rates from Albany, it being first necessary to construct the rates from New York to the desired percentage group. Assuming that it is desired to construct rates to the 110 per cent group, we would obtain as the rates from New York to the 110 per cent group the following figures:

Classes	1	2	3	4	5	6
Rates	99	87	66	46	39.5	33

from which is to be deducted 20 per cent of the New York-Chicago rate, as provided in Table 19, which is as follows:

Classes	1	2	3	4	5	6
Rates	18	16	12	8.5	7	6

This results in a scale of rates as follows:

Classes	1	2	3	4	5	6
Rates	81	71	54	37.5	32.5	27

Representative rates from Albany to other percentage groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	49.5	42.5	34.5	24	20	16.5
80% group rates	54	47	36	25	22	18

New Berlin, N. Y.—The location of this group will indicate that to short-haul points the distance does not materially differ from that from the New York group. To percentage points including the 60 to the 67 per

cent groups, the rates are made the same as from New York.

To the other percentage groups, in order to avoid abrupt increases or decreases in rates, certain differential or arbitrary scales have been established, under which the rates are constructed from New Berlin and points taking the same rates. It will be observed that as the distance becomes greater and greater, the arbitrary scale increases. That is, while only five-tenths of one cent is subtracted from the New York rate in making the first-class rate to the 71 per cent group, the deduction to the 78 per cent group is 6 cents.

Representative rates from this group to western percentage groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	63.5	56	42.5	29.5	25.5	21.5
80% group rates	66	58	44	30.5	27	22

In connection with this adjustment, it must be noted that it is not observed in all cases by all lines. For example, the New York, Ontario and Western Railway in establishing rates from New Berlin and points taking the same rates employs the New York rates with certain exceptions and restrictions.

Ogdensburg, N. Y.—In this case, we have an adjustment of rates where, to the short-haul points, the rates are made by the *addition* of arbitraries to the New York rates, and to the long-haul points, by the *deduction* of arbitrary scales from the New York rates.

Representative rates to some of the groups obtained under this scale are as follows:

Classes	1	2	3	4	5	6
60% group rates	59	51.5	39	28	24	20
78% group rates	62	55.5	43	30	25	21.5

Rochester-Syracuse, N. Y., and Points Taking the Same Rates.—In this case, as was the case with respect to the construction of rates from Albany to short-haul points, we have an arbitrary adjustment (providing for the deduction of certain arbitrary scales from the New York rates) and to other points, the application of a fixed percentage. The application of the percentage principle in this instance is quite simple, and no illustration is required. Representative rates obtained under the existing adjustment are indicated below:

Classes	1	2	3	4	5	6
71% group rates	46	40	29.5	20.5	18	15.5
83% group rates	52	46	35	24.5	21	17.5

Philadelphia, Pa., Baltimore, Md., and Points Taking the Same Rates.—The adjustment of rates from both Philadelphia and Baltimore is quite simple, owing to the fixed differentials that have been conceded these ports and related points under the existing rates established from New York. The purpose of the differentials is to equalize the competition of the stronger port of New York, and to enable Philadelphia and Baltimore to attract a portion of the vast tonnage which moves through the Atlantic Ports to and from foreign countries. It is not unlikely, at least it has been so alleged, that were this not the case, New York by reason of superior advantages, more frequent sailings, etc., would attract a greater portion of this traffic in a short time. While this may be open to question, it is the principle under which these differentials have been established.

It will be noted that these differentials do not vary as do the arbitrary scales mentioned in the preceding adjustment. That is, the first-class rate from Phila-

delphia to the 60 per cent group is 6 cents under the New York rate, as is the rate to the 120 per cent group.

In passing, it may be said that in the application of these differentials, where commodity rates are established which are the same as the class rates, the corresponding class differential is deducted from the New York rate, and that where the commodity rate is not the same as the class rate, the rate established for the next higher class will be employed. In other words, if a commodity rate were established on the basis of 20 cents, New York to Chicago (this being less than the sixth-class rate), it would involve the deduction of the sixth-class differential in establishing the rate from either Philadelphia or Baltimore, as this is the next higher class rate.

Scranton, Pa., and Points Taking the Same Rates.—In connection with this adjustment, there is one feature which has not as yet been introduced, and that is the establishment of arbitrary rates in serving some of the percentage groups. For example, we find that to the 60 per cent group, rates are made the same as from Philadelphia, and that to the 67 and 70 per cent groups, certain figures are named which are called arbitrary rates, which rates are made without reference to the existing adjustment in the construction of rates in general from this point.

It is well, in this connection, to draw a distinction as to the terms "arbitrary" and "arbitrary rates." The former is usually a sum that is added to, or subtracted from, the rate to a base point to construct a through rate between two given points, while an arbitrary rate is one that is constructed independently or arbitrarily by one or more carriers to apply between given points without relation or reference to other rates that may be established between those points and points in related territory. The use of arbitrary rates

in cases like this is due to peculiar traffic conditions which cause the carriers to depart from the usual basis.

To points in percentage groups 71 to 120, inclusive, the Scranton rates are made 80 per cent of the existing New York rate to the same group. Rates to selected groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	51	45	34	24	20.5	17
78% group rates	56	49	37.5	26.5	22.5	19
90% group rates	65	57	43	30.5	26	21.5
110% group rates	79	69.5	53	37	31.5	26.5

Williamsport, Pa., and Points Taking the Same Rates.—As shown in item 8 of Table 19, the rate from Williamsport, Pa., to the 60 per cent group, is the same as from Baltimore, but to both the 67 and 70 per cent groups, rates are arbitrarily established on a 46.5-cent and a 55-cent scale, respectively. From Williamsport to percentage groups 71 to 120, inclusive, the rates are made 77 per cent of the rates from New York to the same destinations, from which it will be seen that from both the Scranton group and the Williamsport group to the percentage groups above named, the rates are the result of the application of a double percentage system. The rates from New York to the percentage groups are a percentage of the New York-Chicago rates; the rates from Scranton to these percentage groups are a percentage of the New York rates to the same destinations.

Representative rates obtained under the application of this adjustment yield the following figures to the percentage groups designated below:

Classes	1	2	3	4	5	6
71% group rates	49.5	43	32.5	23	19.5	16.5
120% group rates	83	73	55.5	39	33	27.5

Cumberland, Md., and Points Taking the Same Rates.—This adjustment does not differ materially from that employed in establishing rates from Williamsport, Pa., with the exception that the arbitrary scales agreed upon by the interested carriers vary, in some instances, in so far as the rates to the 60, 67, and 70 per cent groups are concerned. The rates to points in the remainder of percentage territory are the same as those established from Williamsport, which are made on the basis of 77 per cent of the New York rates to the same point of destination.

Belington, W. Va., Richwood, W. Va., and Points Taking the Same Rates.—The adjustment employed in establishing rates from Cumberland is also applied in establishing class rates from Richwood and Belington, W. Va., and points taking the same rates, with the proviso that the rates so established must not yield from Belington less than the following scale:

Classes	1	2	3	4	5	6
Rates	55.5	48.5	37	26	22.5	18.5

and from Richwood less than the following scale:

Classes	1	2	3	4	5	6
Rates	60.5	52.5	40	28	24.5	20

These rates are to be observed as minimum rates to points in percentage territory on traffic originating at these points, or points taking the same rates, or in establishing rates from points basing thereon. Of course, as the distance becomes greater or as the rate progresses through the territory, the rates obtained under the application of the percentage principle, in all cases, exceed the minimum scales. It is necessary to observe them only in so far as the short-haul traffic is concerned.

Washington, D. C.—It may be stated, as a general proposition, that the rates or basis for rates to be

Rochester-Syracuse, N. Y., and Points Taking the Same Rates.—In this case, as was the case with respect to the construction of rates from Albany to short-haul points, we have an arbitrary adjustment (providing for the deduction of certain arbitrary scales from the New York rates) and to other points, the application of a fixed percentage. The application of the percentage principle in this instance is quite simple, and no illustration is required. Representative rates obtained under the existing adjustment are indicated below:

Classes	1	2	3	4	5	6
71% group rates	46	40	29.5	20.5	18	15.5
83% group rates	52	46	35	24.5	21	17.5

Philadelphia, Pa., Baltimore, Md., and Points Taking the Same Rates.—The adjustment of rates from both Philadelphia and Baltimore is quite simple, owing to the fixed differentials that have been conceded these ports and related points under the existing rates established from New York. The purpose of the differentials is to equalize the competition of the stronger port of New York, and to enable Philadelphia and Baltimore to attract a portion of the vast tonnage which moves through the Atlantic Ports to and from foreign countries. It is not unlikely, at least it has been so alleged, that were this not the case, New York by reason of superior advantages, more frequent sailings, etc., would attract a greater portion of this traffic in a short time. While this may be open to question, it is the principle under which these differentials have been established.

It will be noted that these differentials do not vary as do the arbitrary scales mentioned in the preceding adjustment. That is, the first-class rate from Phila-

delphia to the 60 per cent group is 6 cents under the New York rate, as is the rate to the 120 per cent group.

In passing, it may be said that in the application of these differentials, where commodity rates are established which are the same as the class rates, the corresponding class differential is deducted from the New York rate, and that where the commodity rate is not the same as the class rate, the rate established for the next higher class will be employed. In other words, if a commodity rate were established on the basis of 20 cents, New York to Chicago (this being less than the sixth-class rate), it would involve the deduction of the sixth-class differential in establishing the rate from either Philadelphia or Baltimore, as this is the next higher class rate.

Scranton, Pa., and Points Taking the Same Rates.—In connection with this adjustment, there is one feature which has not as yet been introduced, and that is the establishment of arbitrary rates in serving some of the percentage groups. For example, we find that to the 60 per cent group, rates are made the same as from Philadelphia, and that to the 67 and 70 per cent groups, certain figures are named which are called arbitrary rates, which rates are made without reference to the existing adjustment in the construction of rates in general from this point.

It is well, in this connection, to draw a distinction as to the terms "arbitrary" and "arbitrary rates." The former is usually a sum that is added to, or subtracted from, the rate to a base point to construct a through rate between two given points, while an arbitrary rate is one that is constructed independently or arbitrarily by one or more carriers to apply between given points without relation or reference to other rates that may be established between those points and points in related territory. The use of arbitrary rates

in cases like this is due to peculiar traffic conditions which cause the carriers to depart from the usual basis.

To points in percentage groups 71 to 120, inclusive, the Scranton rates are made 80 per cent of the existing New York rate to the same group. Rates to selected groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	51	45	34	24	20.5	17
78% group rates	56	49	37.5	26.5	22.5	19
90% group rates	65	57	43	30.5	26	21.5
110% group rates	79	69.5	53	37	31.5	26.5

Williamsport, Pa., and Points Taking the Same Rates.—As shown in item 8 of Table 19, the rate from Williamsport, Pa., to the 60 per cent group, is the same as from Baltimore, but to both the 67 and 70 per cent groups, rates are arbitrarily established on a 46.5-cent and a 55-cent scale, respectively. From Williamsport to percentage groups 71 to 120, inclusive, the rates are made 77 per cent of the rates from New York to the same destinations, from which it will be seen that from both the Scranton group and the Williamsport group to the percentage groups above named, the rates are the result of the application of a double percentage system. The rates from New York to the percentage groups are a percentage of the New York-Chicago rates; the rates from Scranton to these percentage groups are a percentage of the New York rates to the same destinations.

Representative rates obtained under the application of this adjustment yield the following figures to the percentage groups designated below:

Classes	1	2	3	4	5	6
71% group rates	49.5	43	32.5	23	19.5	16.5
120% group rates	83	73	55.5	39	33	27.5

Cumberland, Md., and Points Taking the Same Rates.—This adjustment does not differ materially from that employed in establishing rates from Williamsport, Pa., with the exception that the arbitrary scales agreed upon by the interested carriers vary, in some instances, in so far as the rates to the 60, 67, and 70 per cent groups are concerned. The rates to points in the remainder of percentage territory are the same as those established from Williamsport, which are made on the basis of 77 per cent of the New York rates to the same point of destination.

Belington, W. Va., Richwood, W. Va., and Points Taking the Same Rates.—The adjustment employed in establishing rates from Cumberland is also applied in establishing class rates from Richwood and Belington, W. Va., and points taking the same rates, with the proviso that the rates so established must not yield from Belington less than the following scale:

Classes	1	2	3	4	5	6
Rates	55.5	48.5	37	26	22.5	18.5

and from Richwood less than the following scale:

Classes	1	2	3	4	5	6
Rates	60.5	52.5	40	28	24.5	20

These rates are to be observed as minimum rates to points in percentage territory on traffic originating at these points, or points taking the same rates, or in establishing rates from points basing thereon. Of course, as the distance becomes greater or as the rate progresses through the territory, the rates obtained under the application of the percentage principle, in all cases, exceed the minimum scales. It is necessary to observe them only in so far as the short-haul traffic is concerned.

Washington, D. C.—It may be stated, as a general proposition, that the rates or basis for rates to be

enable this group of points to compete on equitable terms with the two larger cities named. This indicates, in some degree, the advantage of the Erie Canal as a medium for compelling lower rates.

To percentage territories lying west of the 77 per cent group, the percentage principle is applied in constructing the rates from Albany, it being first necessary to construct the rates from New York to the desired percentage group. Assuming that it is desired to construct rates to the 110 per cent group, we would obtain as the rates from New York to the 110 per cent group the following figures:

Classes	1	2	3	4	5	6
Rates	99	87	66	46	39.5	33

from which is to be deducted 20 per cent of the New York-Chicago rate, as provided in Table 19, which is as follows:

Classes	1	2	3	4	5	6
Rates	18	16	12	8.5	7	6

This results in a scale of rates as follows:

Classes	1	2	3	4	5	6
Rates	81	71	54	37.5	32.5	27

Representative rates from Albany to other percentage groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	49.5	42.5	34.5	24	20	16.5
80% group rates	51	47	36	25	22	18

New Berlin, N. Y.—The location of this group will indicate that to short-haul points the distance does not materially differ from that from the New York group. To percentage points including the 60 to the 67 per

cent groups, the rates are made the same as from New York.

To the other percentage groups, in order to avoid abrupt increases or decreases in rates, certain differential or arbitrary scales have been established, under which the rates are constructed from New Berlin and points taking the same rates. It will be observed that as the distance becomes greater and greater, the arbitrary scale increases. That is, while only five-tenths of one cent is subtracted from the New York rate in making the first-class rate to the 71 per cent group, the deduction to the 78 per cent group is 6 cents.

Representative rates from this group to western percentage groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	63.5	56	42.5	29.5	25.5	21.5
80% group rates	66	58	44	30.5	27	22

In connection with this adjustment, it must be noted that it is not observed in all cases by all lines. For example, the New York, Ontario and Western Railway in establishing rates from New Berlin and points taking the same rates employs the New York rates with certain exceptions and restrictions.

Ogdensburg, N. Y.—In this case, we have an adjustment of rates where, to the short-haul points, the rates are made by the *addition* of arbitraries to the New York rates, and to the long-haul points, by the *deduction* of arbitrary scales from the New York rates.

Representative rates to some of the groups obtained under this scale are as follows:

Classes	1	2	3	4	5	6
60% group rates	59	51.5	39	28	24	20
78% group rates	62	55.5	43	30	25	21.5

Rochester-Syracuse, N. Y., and Points Taking the Same Rates.—In this case, as was the case with respect to the construction of rates from Albany to short-haul points, we have an arbitrary adjustment (providing for the deduction of certain arbitrary scales from the New York rates) and to other points, the application of a fixed percentage. The application of the percentage principle in this instance is quite simple, and no illustration is required. Representative rates obtained under the existing adjustment are indicated below:

Classes	1	2	3	4	5	6
71% group rates	46	40	29.5	20.5	18	15.5
83% group rates	52	46	35	24.5	21	17.5

Philadelphia, Pa., Baltimore, Md., and Points Taking the Same Rates.—The adjustment of rates from both Philadelphia and Baltimore is quite simple, owing to the fixed differentials that have been conceded these ports and related points under the existing rates established from New York. The purpose of the differentials is to equalize the competition of the stronger port of New York, and to enable Philadelphia and Baltimore to attract a portion of the vast tonnage which moves through the Atlantic Ports to and from foreign countries. It is not unlikely, at least it has been so alleged, that were this not the case, New York by reason of superior advantages, more frequent sailings, etc., would attract a greater portion of this traffic in a short time. While this may be open to question, it is the principle under which these differentials have been established.

It will be noted that these differentials do not vary as do the arbitrary scales mentioned in the preceding adjustment. That is, the first-class rate from Phila-

delphia to the 60 per cent group is 6 cents under the New York rate, as is the rate to the 120 per cent group.

In passing, it may be said that in the application of these differentials, where commodity rates are established which are the same as the class rates, the corresponding class differential is deducted from the New York rate, and that where the commodity rate is not the same as the class rate, the rate established for the next higher class will be employed. In other words, if a commodity rate were established on the basis of 20 cents, New York to Chicago (this being less than the sixth-class rate), it would involve the deduction of the sixth-class differential in establishing the rate from either Philadelphia or Baltimore, as this is the next higher class rate.

Scranton, Pa., and Points Taking the Same Rates.—In connection with this adjustment, there is one feature which has not as yet been introduced, and that is the establishment of arbitrary rates in serving some of the percentage groups. For example, we find that to the 60 per cent group, rates are made the same as from Philadelphia, and that to the 67 and 70 per cent groups, certain figures are named which are called arbitrary rates, which rates are made without reference to the existing adjustment in the construction of rates in general from this point.

It is well, in this connection, to draw a distinction as to the terms "arbitrary" and "arbitrary rates." The former is usually a sum that is added to, or subtracted from, the rate to a base point to construct a through rate between two given points, while an arbitrary rate is one that is constructed independently or arbitrarily by one or more carriers to apply between given points without relation or reference to other rates that may be established between those points and points in related territory. The use of arbitrary rates

in cases like this is due to peculiar traffic conditions which cause the carriers to depart from the usual basis.

To points in percentage groups 71 to 120, inclusive, the Scranton rates are made 80 per cent of the existing New York rate to the same group. Rates to selected groups are as follows:

Classes	1	2	3	4	5	6
71% group rates	51	45	34	24	20.5	17
78% group rates	56	49	37.5	26.5	22.5	19
90% group rates	65	57	43	30.5	26	21.5
110% group rates	79	69.5	53	37	31.5	26.5

Williamsport, Pa., and Points Taking the Same Rates.—As shown in item 8 of Table 19, the rate from Williamsport, Pa., to the 60 per cent group, is the same as from Baltimore, but to both the 67 and 70 per cent groups, rates are arbitrarily established on a 46.5-cent and a 55-cent scale, respectively. From Williamsport to percentage groups 71 to 120, inclusive, the rates are made 77 per cent of the rates from New York to the same destinations, from which it will be seen that from both the Scranton group and the Williamsport group to the percentage groups above named, the rates are the result of the application of a double percentage system. The rates from New York to the percentage groups are a percentage of the New York-Chicago rates; the rates from Scranton to these percentage groups are a percentage of the New York rates to the same destinations.

Representative rates obtained under the application of this adjustment yield the following figures to the percentage groups designated below:

Classes	1	2	3	4	5	6
71% group rates	49.5	43	32.5	23	19.5	16.5
120% group rates	83	73	55.5	39	33	27.5

Cumberland, Md., and Points Taking the Same Rates.—This adjustment does not differ materially from that employed in establishing rates from Williamsport, Pa., with the exception that the arbitrary scales agreed upon by the interested carriers vary, in some instances, in so far as the rates to the 60, 67, and 70 per cent groups are concerned. The rates to points in the remainder of percentage territory are the same as those established from Williamsport, which are made on the basis of 77 per cent of the New York rates to the same point of destination.

Belington, W. Va., Richwood, W. Va., and Points Taking the Same Rates.—The adjustment employed in establishing rates from Cumberland is also applied in establishing class rates from Richwood and Belington, W. Va., and points taking the same rates, with the proviso that the rates so established must not yield from Belington less than the following scale:

Classes	1	2	3	4	5	6
Rates	55.5	48.5	37	26	22.5	18.5

and from Richwood less than the following scale:

Classes	1	2	3	4	5	6
Rates	60.5	52.5	40	28	24.5	20

These rates are to be observed as minimum rates to points in percentage territory on traffic originating at these points, or points taking the same rates, or in establishing rates from points basing thereon. Of course, as the distance becomes greater or as the rate progresses through the territory, the rates obtained under the application of the percentage principle, in all cases, exceed the minimum scales. It is necessary to observe them only in so far as the short-haul traffic is concerned.

Washington, D. C.—It may be stated, as a general proposition, that the rates or basis for rates to be

applied in connection with traffic originating at the national capital and related points is the same as employed from Baltimore, Md., to the same destinations, with the exception that minimum rates based on a 66.5-cent scale are to be observed. This minimum, in general however, affects only the territory lying east of, but not including, the 80 per cent group.[1]

Virginia Cities.—A great deal of traffic, which finds a ready market in the northern and western cities in Official Classification Territory, originates south of the Virginia-North Carolina state line in the Piedmont plateau. The lines serving these Virginia Cities, which are virtually the gateways to the south through which traffic moves to final destinations, are in competition with other lines and connections operating through Ohio River Crossings. Consequently, we find that the existing basis for rates (particularly as concerns the more distant percentage groups) is on a very low scale involving the application of a double differential to New York rates in determining the through rates from Virginia Cities to the same groups of destinations. For example, were it desired to construct rates to the 110 per cent group, the Baltimore differentials are first deducted, obtaining the following scale:

Classes	1	2	3	4	5	6
Rates	91	79	63	43	36.5	30

From this scale are then deducted the Virginia Cities' differentials under Baltimore, shown in item 13, of Table 19, obtaining the following scale:

Classes	1	2	3	4	5	6
Rates	83	73	59	40	34.5	28

To points east of, and including, the 94 per cent group,

[1]The B. & O. R. R., however, applies the Baltimore rates from Washington without observance of minima rates. The minimum scale is published by the C. & O. Ry.

the same procedure is employed, observing the minima rates which are established to such groups and which are specifically indicated in item 13, Table 19.

As previously intimated, this is, of course, a competitive adjustment, and enables the lines serving such cities to attract to this route considerable tonnage which would, in all probability, move by way of western river crossings or gateways, were some relief not accorded.

Map 5 shows stations Lexington to Winchester, Va., Basic City, Va., to Hagerstown, Md., and Richmond to Alexandria, Va., in the Lexington group. However, on shipments routed northward from Washington, Alexandria, Hagerstown, and Winchester via the trunk lines to percentage territory in the United States, the Baltimore rates apply, but when shipments are routed southward via the Chesapeake & Ohio Railway destined to percentage territory, Washington, Alexandria, Hagerstown, and Winchester are all included in the Lexington group and the Baltimore rates apply subject to the Virginia Cities-Pittsburgh scale as minimum rates. The Lexington rates are the same as the Baltimore rates except where the Virginia Cities-Pittsburgh scale is slightly higher than the Baltimore rates. The Virginia Cities group is also shown on Map 5. Main lines of the Chesapeake & Ohio Railway from Norfolk, Berkley, and Fort Monroe, Va., to Malden, W. Va., via both Staunton and Lynchburg, are included in the Virginia Cities group, also the Norfolk and Western Railway from Norfolk to Roanoke and Salem, Va., inclusive. From all stations on these main lines, the rates from the Virginia Cities are applied.

In connection with the rates to Virginia Cities, it is interesting to note that from stations on the Virginian Railway, lying immediately south of the main line of the Norfolk and Western Railway, the rates to Virginia

Cities are applied only from Roanoke and Salem on the west, and Suffolk on the east thereof. Stations on the Virginian Railway west of Suffolk and east of Roanoke take arbitraries over the rates to Virginia Cities, governed by the Official Classification and exceptions. Rates from points south of the Virginian Railway to percentage territory shown on Map 4 are made on combination rates through Virginia Gateways or the Ohio River Crossings and are, consequently, materially higher than the remarkably low rates from the Virginia Cities. Points on the Virginian Railway, because of intermediate location, are perhaps justly accorded rates, neither so low as the rates to Virginia Cities nor so high as the rates to points lying farther south.

Map 5 also shows certain points in lines lying between the Lexington groups and between the main lines of the westbound routes to Virginia Cities as taking arbitraries over the Virginia Cities.

The stations lying between the two Lexington groups take either arbitraries or local rates over the Baltimore rates on the north, over the Lexington rates on the east and west, or over the rates from Virginia Cities on the south. The shipments from these interior points are usually made via the route over which the cheapest combination may be obtained. For example, from Manassas, Va., freight may be shipped (1) westward through Front Royal at the Lexington rate, plus the local rates from Manassas to Front Royal, (2) northward through Washington, D. C., at the Baltimore rate, plus the local rates from Manassas to Washington, or (3) southward through Orange, Va., at the rates from Virginia Cities plus the locals from Manassas to Orange. The Manassas freight is likely to move over the route by which the best service is offered or the cheapest combination applies. This is true of all other stations within this group shown on Map 5. Traffic from stations

delphia to the 60 per cent group is 6 cents under the New York rate, as is the rate to the 120 per cent group.

In passing, it may be said that in the application of these differentials, where commodity rates are established which are the same as the class rates, the corresponding class differential is deducted from the New York rate, and that where the commodity rate is not the same as the class rate, the rate established for the next higher class will be employed. In other words, if a commodity rate were established on the basis of 20 cents, New York to Chicago (this being less than the sixth-class rate), it would involve the deduction of the sixth-class differential in establishing the rate from either Philadelphia or Baltimore, as this is the next higher class rate.

Scranton, Pa., and Points Taking the Same Rates.—In connection with this adjustment, there is one feature which has not as yet been introduced, and that is the establishment of arbitrary rates in serving some of the percentage groups. For example, we find that to the 60 per cent group, rates are made the same as from Philadelphia, and that to the 67 and 70 per cent groups, certain figures are named which are called arbitrary rates, which rates are made without reference to the existing adjustment in the construction of rates in general from this point.

It is well, in this connection, to draw a distinction as to the terms "arbitrary" and "arbitrary rates." The former is usually a sum that is added to, or subtracted from, the rate to a base point to construct a through rate between two given points, while an arbitrary rate is one that is constructed independently or arbitrarily by one or more carriers to apply between given points without relation or reference to other rates that may be established between those points and points in related territory. The use of arbitrary rates

the Act. This section provides that it shall be unlawful for any common carrier, subject to the provisions of this Act, to charge or receive any greater compensation in the aggregate for the transportation of passengers or of like kind of property for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through route than the aggregate of the intermediate rate.

How class rates are based from the thirteen groups in Trunk Line and New England territories to percentage territory has now been set forth. There are numerous small branch lines within a number of the eastern groups that take arbitraries over the group rates. In such cases, the first letter of the group name is usually used with a plus sign following it to indicate that the group rate, plus either arbitraries or local rates, applies. In some cases the routing of freight affects the rates. For example, in the New York group, northwest of New York, the line of the Ulster & Delaware Railroad is shown as taking either "New York plus" or "Albany plus." New York rates plus arbitraries apply when routed via Kingston, N. Y., and the Albany rates plus arbitraries apply when routed by Oneonta, N. Y.

Not infrequently it happens that certain deliveries at one of the base points may require the addition of arbitraries in determining the through rate. For example, while certain stations on the South Brooklyn Railway are given the benefit of the flat New York rates on traffic to percentage territory, other points located thereon are constructed on an arbitrary basis by the addition of the following figures to the New York rates:

Classes	1	2	3	4	5	6
Rates	5	4	3	2	2	2

To set forth clearly the application of these rates as to whether or not arbitraries are to be employed, the carriers either individually or through their agents issue what are known as bases for rates, or billing instructions. These issues show the various points in the territory on, and reached via, their lines, and the base rates to apply in connection therewith or, where rates are established on an arbitrary adjustment, the arbitraries that are to be added to the indicated base points. While the maps contained in the *Atlas of Railway Traffic Maps* are compiled from reliable and authentic sources, in the event of differences between the maps and publications of the carriers as to a difference in group location, the issue of the carrier, published and filed with the Interstate Commerce Commission must be observed. When such differences occur, the matter should be taken up with the interested line in an endeavor to ascertain if some error has not been made in publishing the adjustment.

CHAPTER XII

ALL-RAIL RATES WESTBOUND—Continued

Adjustment of Rates From Other Eastern Base Points

(b) Commodity Rates

As concerns the establishment of commodity rates from eastern base points, other than New York, the adjustment, in general, adhers closely to that employed in the establishment of class rates. Before taking up the details to be employed in connection therewith, however, it is well to consider several of the more important rules that are to be applied in connection with the bases.

(1) When a rate per ton is established on any commodity from New York to Chicago, either locally or as a basis for rates to other western points, and it is provided in connection therewith that a corresponding rate shall apply from other eastern cities, the rate per ton is in all cases used as the basis for computing the rate upon such commodity and not the equivalent rate in cents per hundred pounds.

For example, if we assume that a commodity rate has been established from New York to Chicago on the basis of $3.20 per ton and its application is extended to apply from other eastern cities, the rate from Albany would be computed on the basis of 80 per cent of $3.20, which would make the rate from Albany to Chicago $2.56 per ton.

(2) When a rate per hundred pounds, or per ton is established on any commodity from an interior trunk-line base point (other than points taking Philadelphia or Baltimore rates) to Chicago, and it is provided in connection therewith that corresponding rates shall apply to other western points, such rates are determined by computing the rates per hundred pounds, or per ton on the established percentages shown on Map 4, *Atlas of Railway Traffic Maps,* of the rates from such interior points to Chicago.

For example, assuming a commodity rate has been established from Albany, N. Y., to western points on the basis of 16 cents per hundred pounds, Albany to Chicago, the rates to East St. Louis would be computed on the basis of 117 per cent of 16 cents which would make the rate to East St. Louis 18.5 cents per hundred pounds.

(3) When a rate per hundred pounds, or per ton is established on any commodity from an interior trunk-line point taking Philadelphia or Baltimore rates to Chicago and it is provided in connection therewith that corresponding rates shall apply to other western points, such rates are computed on the basis of the equivalent New York rate per hundred pounds, or per ton.

For example, assuming a commodity rate has been established from Lancaster, Pa. (a Philadelphia rate point), to western points on the basis of 22 cents per hundred pounds, Lancaster to Chicago, to obtain the East St. Louis rate first add 2 cents per hundred pounds (the Philadelphia differential), thus making the equivalent New York rate 24 cents per hundred pounds. Second, determine 117 per cent of 24 cents, which would make the rate, New York to East St. Louis, 28 cents per hundred pounds. Then deduct the Philadelphia arbitrary of 2 cents per hundred pounds, and the result is 26 cents per hundred pounds, which is the rate from Lancaster to East St. Louis, Ill., on a commodity carry-

ing a rate, Lancaster, Pa., to Chicago, Ill., of 22 cents per hundred pounds.

In the following table is set forth the basis used by the Eastern Trunk Lines for the construction of rates from eastern base points, other than New York, to various western percentage groups including the so-called "Western Termini of the eastern trunk lines."

TABLE 20

BASIS FOR COMMODITY RATES FROM GROUPS IN TRUNK LINE AND NEW ENGLAND TERRITORIES TO CENTRAL FREIGHT ASSOCIATION TERRITORY

Item	From Eastern Groups	To Percentage Groups	Rate Basis for Commodities
1	Boston, Mass.	Trunk Lines' Western Termini and 60% points	When commodity rates from New York are the same as standard class rates from the same point, rates upon the same commodities from Boston, Mass., and New England points taking Boston rates are made by adding to the published commodity rates from New York the same amount as the figure of the difference between the standard class rate from New York and the corresponding class rate from Boston to the same destinations. (Table 19, item 1.) When commodity rates from New York are *not* the same as standard class rates from that point, rates upon the same commodities from Boston, Mass., and New England points taking Boston rates are made by adding to the published commodity rates from New York the same amount as the figure of the difference between the class rate next higher than the commodity rate applicable from New York and the corresponding class rate from Boston to the same destinations. (Table 19, item 1.)
		67-71	Same rates as from New York to 71% points but not less than from Boston to 60% points.
		72-120	New York rates but not less than from Boston to 60% group.
2	Albany, N. Y.	60-120	80% of rates from New York to Chicago and other 100% points. To other points rates are scaled on the basis of the established percentage of the rate from Albany to Chicago, except that to the nearer percentage groups certain minima are observed.

TABLE 20—CONTINUED

BASIS FOR COMMODITY RATES FROM GROUPS IN TRUNK LINE AND NEW ENGLAND TERRITORIES TO CENTRAL FREIGHT ASSOCIATION TERRITORY

ITEM	FROM EASTERN GROUPS	TO PERCENTAGE GROUPS	RATE BASIS FOR COMMODITIES
3	New Berlin, N. Y.	60-77	Varying amounts under the rates from New York, with no uniformity for one commodity as compared with all the others. Rates from D. L. & W. R. R. points taking New Berlin group rates are generally higher than rates on same commodities via N. Y. O. & W. Ry., i. e., New York rates, net, are used to a greater extent by the D. L. & W. R. R., and, when less than New York basis is published by that company, the arbitraries are smaller than the amounts below New York rates published by the N. Y. O. & W. Ry.
		100	Less than rates from New York [1] [2] Classes ..... 1 2 3 4 5 6 Differentials ... 6 5 4 3 2 2
		78-120 (except 100)	Percentages shown in groups on Map 4 of New York-Chicago rates N. Y. O. & W. Ry.—2 cents per 100 pounds under rates on same commodities from New York. There are instances in which rates are 3 cents under New York, namely, gum, pontianic, and licorice root. D. L. & W. R. R.—For more than half the number of commodities which are given a general application of rates to western points, the arbitrary is 2 cents. For the remaining commodities, the arbitrary is 1 cent per 100 pounds.
4	Malone-Ogdensburg, N. Y.	60 67-77 100 78-120 (except 100)	No fixed basis for all commodities. Rates for each commodity are made with some relationship to rates from New York, but the relationship is not uniform. For example: 1. On Starch from Malone, the rates are 3 cents under New York rates, with rate to 82% group as minimum to percentage groups east, except to 60% group, which is lower. 2. On scrap iron and scrap steel from Ogdensburg, rates are on the same basis. 3. On old car wheels and axles from Ogdensburg, rates are 1 cent under New York rates, with rate to 78% group as minimum to percentage groups east to, and including 74% group. To each of the remaining groups east, a different rate is announced, with no apparent relationship to New York rates. 4. On clay and talc from certain points in the

TABLE 20—CONTINUED

BASIS FOR COMMODITY RATES FROM GROUPS IN TRUNK LINE AND NEW ENGLAND TERRITORIES TO CENTRAL FREIGHT ASSOCIATION TERRITORY

ITEM	FROM EASTERN GROUPS	TO PERCENTAGE GROUPS	RATE BASIS FOR COMMODITIES
			Ogdensburg group, rates are 1 cent under New York rates, with rate to 80% group (on basis of 80% of rate from New York to Chicago minus 1 cent) as minimum to all percentage groups east.
4	Malone-Ogdensburg, N. Y.	60 67-77 100 78-120 (except 100)	5. On wet wood pulp from Malone and Ogdensburg, rates are 73% of New York rates, with rate of 81% group (on basis of 73% of rate from New York to that group) as minimum to all percentage groups east. 6. On ferro-manganese from Ogdensburg, rate to 100% group is 3 cents under New York rate, and rates to all groups east are scaled on the percentage applicable thereto, furnishing one of the very few instances in which the percentage system is consistently applied westbound.
5	Rochester-Syracuse, N. Y.	60-120	70% of rates from New York to Chicago and other 100% points. To other points rates are scaled on the established percentage basis of the rate from Syracuse and Rochester to Chicago.
6	Philadelphia-Baltimore	60-120	Following differentials less than from New York to same groups[3] Classes ..... 1 2 3 4 5 6 Differentials ..... 6 6 2 2 2 2 Differentials 8 8 3 3 3 3
		60	Same rates as from Philadelphia[4]
7	Scranton, Pa.	67-120	80% of rates from New York to Chicago and other 100% points. To other points rates are scaled on the established percentage basis of the rate from Scranton to Chicago but not less than from Philadelphia to 60% group. In many instances minima rates are observed to groups 67% to and beyond 71%.
		60	Same rates as from Baltimore
8	Williamsport, Pa.	67-120	77% of rates from New York to Chicago and 100% points. To other points rates are scaled on the established percentage basis of the rate from Williamsport to Chicago but not less than from Baltimore to 60% group. In many instances minima rates are observed to groups 67% to and beyond 71%.

TABLE 20—CONTINUED

BASIS FOR COMMODITY RATES FROM GROUPS IN TRUNK LINE AND NEW ENGLAND TERRITORIES TO CENTRAL FREIGHT ASSOCIATION TERRITORY

ITEM	FROM EASTERN GROUPS	TO PERCENTAGE GROUPS	RATE BASIS FOR COMMODITIES
	Cumberland, Md.	60-120	77% of rates from New York to Chicago and 100% points. To other points rates are scaled on the established percentage basis of the rates from Cumberland to Chicago but not less than from Baltimore to 60% group when routed via Pennsylvania Railroad.
10	Belington, W. Va.-Richwood, W. Va.	60-120	In general on Cumberland basis subject to various minima, but a number of exceptions are applied
11	Lexington, Va.	60-120	General commodity rates are on the same basis as Baltimore rates but not less than the commodity rates from the Virginia Cities to Pittsburgh[5].
12	Virginia Cities	60-120	Baltimore commodity rates subject to varying minima[3]

[1]When a commodity rate from New York to any group is the same as a standard class rate, the differential under or over the New York rate for the class rate is applied to the commodity rate; when a commodity rate is not the same, the differential for the next higher class is applied.

[2]In connection with westbound commodity rates upon a lower basis than that of the sixth class (i. e., 26.3 cents per 100 pounds, New York to Chicago), the sixth-class differential of 2 cents is usually applied.

The differential for rates per ton, net or gross, is 20 times the differential per 100 pounds.

[3]The same commodity rates are applied on traffic from New York, Philadelphia, Baltimore, and points taking same rates to Buffalo and points taking Buffalo rates as are duly established upon like traffic from Philadelphia to Erie, Pa., except as may be otherwise provided.

[4]On some commodities (cordage, barb wire, etc.) Scranton is accorded a lower rate than Philadelphia.

[5]Rates on various commodities from Lexington and the Virginia Cities are not made according to the general basis for commodity rates.

A comparison of many of the items in this table with those appearing in Table 19 will show that they are on the same basis as shown in connection with traffic under the class-rate adjustment.

In explanation of this basis for rate construction, we will follow the plan outlined in connection with the class-rate adjustment, and individual items comprising the table will be taken up in their order.

Boston, Mass., and Points Taking the Same Rates.—It will be noted that from item 1, in so far as the Western Termini Points and points in the 60 per cent group are concerned, that the same arbitraries that were employed in the class-rate adjustment are to be used in connection with the commodity rates, observing the following rules for the application of these arbitraries.

(1) When commodity rates from New York are the same as standard class rates from the same point, the rates upon the same commodities from Boston, Mass., and points in New England Territory taking Boston rates are made by adding to the published commodity rates from New York the same amount as the figure of the difference between the standard class rates from New York and the corresponding class rate from Boston to the same destination.

For example, when a commodity rate is shown from New York to Chicago as 36 cents, this is the same as the fifth-class rate. Consequently, in establishing the rates from Boston to points in the 60 per cent group, the fifth-class differential indicating the existing difference between the Boston rates and New York rates for this group is added to the existing New York 60 per cent commodity rate, resulting in a rate from Boston of 24 cents per hundred pounds.

(2) When a commodity rate from New York is not the same as the standard class rate from that point, rates upon the same commodity from Boston, Mass., and points in New England taking Boston rates are made by adding to the published commodity rates from New York the same amount as the figure of the difference between the class rate next higher than the commodity rate applicable from New York and the corresponding class rate from Boston to the same destination.

Through the remainder of the territory the New

York rates are applied from Boston without the addition of arbitraries, preserving from groups numbered 67 per cent to 71 per cent, inclusive, rates established from New York to the 71 per cent group as maxima. To illustrate, assume the rate on new cotton bags, to be on a basis of 47 cents per hundred weight, New York to Chicago. To 71 per cent group points the rates from New York would be 33.5 cents per hundred pounds. The proviso is embodied in this item, however, that this rate is not to be less than that which is established from Boston to the 60 per cent group. Where it becomes necessary to construct the rate from Boston in order to determine whether or not the New York rate to the 71 per cent group is above or below the minimum required, the following procedure is employed. Assume a base rate of 47 cents per hundred pounds, New York to Chicago. As this is not the same as any of the existing class rates, the differential applying in connection with the next higher class rate is employed. The addition of the third-class differential of 3 cents to the 60 per cent group rate of 28 cents produces 31 cents as the rate from Boston to the 60 per cent group. As the figures obtained in the application of item 1 to the rates from New York to the 71 per cent group exceed this amount, the minimum is of no importance in so far as this particular commodity and group is concerned.

Bases for Rates from Interior Groups

Before going into detailed explanation of the bases for rates to western points from the Albany, Rochester, Syracuse, Scranton, Williamsport, Cumberland, and Lexington groups, it should be stated (and the student should make careful note of the fact) that the rates are not made strictly on the percentage basis for each percentage group of western destinations. The system

is not rigidly followed, as is the case with eastbound rates, but, according to the peculiar necessities of each commodity, exceptions are made in the shape of *minimum* rates, which means the blanketing of many percentage groups with the rate to a certain farther-distant group.

The items in Table 20 are modeled on the announcement of the bases as made through the medium of circular letters of the associations of interested roads. For example, the bases for rates from Albany and Syracuse are given in Table 20 exactly as announced in Trunk Line Association Freight Committee Circular. But, when the offices of the same association announce the intention of the interested lines individually to issue tariffs that will establish a new or revised basis for rates on any commodity, such a basis is outlined as follows:

On bagging, burlap or gunny, in carloads,

From eastern points to western points,

On a basis of 26 cents per 100 pounds, New York to Chicago, except that the minimum rates to Pittsburgh, Pa., 60 per cent points and higher, will be on a basis of 21 cents per 100 pounds from New York.

From New York, Philadelphia, Baltimore, and common points, to Buffalo and Niagara Frontier, 19 cents per 100 pounds.

In this example the rate to the 80 per cent group, namely, 21 cents, is applied as minimum to all points east.

The lesson to be learned from the above is that to procure the rate from Albany, Rochester, or any of the so-called "interior" Trunk Line groupings to western points for actual application to a shipment, the tariffs must be consulted, for, while the rate from Albany might be on the basis of 80 per cent of the rate from New York, the latter rate (particularly to any point in per-

centage groups east of the 81 per cent group), with few exceptions, would not be found made on the basis of the grouping shown in Map 4, *Atlas of Railway Traffic Maps.*

The percentage system, as used in the construction of westbound commodity rates, may be likened to the frame upon which the rate fabric is woven—the design perhaps may be a bit fantastic—yet the system is the foundation or pattern for all.

Albany, N. Y., and Points Taking the Same Rates.—For Albany, N. Y., the commodity-rate adjustment is somewhat different from that employed in the construction of class rates, in that it is first necessary to construct the rates from Albany to Chicago and then to scale it in accordance with the percentage assigned to the point of destination involved.

Under this adjustment, if we desire to construct a rate on clay (24.5 cents, New York to Chicago) the Albany-Chicago rate would first be constructed by taking 80 per cent of the New York rate, thus obtaining 19.5 cents per hundred pounds as the result. If then a rate were desired to some point in the 80 per cent group, 80 per cent of this amount would be taken resulting in 15.6 cents, as 15.5 cents, which is the same as the rate established for that group as shown in the following excerpt, which indicates rates on a few of the selected commodities to various western group points.

From Albany, N. Y. To Percentage Groups	Pig Lead	Brimstone	Clay	Woods of Value	Ammunition (Fixed)	Cordage	Oysters	New Cotton Bags	Pig Iron①	Old Car Axles①
60	12.5	..	13.5	..	20	17.5	..	..	$3.10	$3.20
70	12.5	..	15.5	..	20	20.5	..	..	3.20	3.40
80	14	..	15.5	..	20	23	..	..	3.60	3.60
90	16	..	17	..	22.5	26	..	..	4.10	4.20
100	17.5	..	19.5	..	25	29.5	..	..	4.60	4.80
110	19.5	..	21	..	27.5	32	..	..	5.10	5.30
120	21	.	23	..	30	35	..	..	5.50	5.80

Rates in cents per 100 lbs. unless otherwise specified.
①Per ton of 2,240 lbs.

It will be noted from the foregoing that rates are not shown on brimstone, woods of value, oysters, and new cotton bags. It is necessary only to call attention to the fact that the first two commodities are not common to this locality, and while quantities may be imported through North Atlantic ports, there is no movement through Albany as an originating point. Consequently, no rates are shown in the tariff. Likewise, as far as oysters are concerned, this point is sufficiently removed from the sea coast to preclude (except possibly in rare instances) the movement of this commodity.

New Berlin, N. Y., and Points Taking the Same Rates.—Not much may be said with respect to this adjustment in addition to the information given in the table itself. The particular attention of the reader is directed to the difference existing in the basis as applied by one line as contrasted with another, indicating an exception to the general rule that competing interests usually maintain the same scale of rates in order to insure the equality of charges in so far as the respective systems are concerned. The presumption in this instance is, however, that as far as the line maintaining the higher rates is concerned, the disadvantage of its route is such that it cannot meet the rates of the more direct systems.

Ogdensburg, N. Y., and Points Taking the Same Rates.—What has been said with respect to the adjustment of rates from New Berlin, N. Y., applies with equal force to the rates from Ogdensburg, to short-haul points, namely, 67 per cent to 77 per cent group points, inclusive. Rates from Ogdensburg must be established which are usually on the Boston basis but not higher than those that obtain from Ogdensburg to 78 per cent territory.

An interesting fact concerning this group is the

relatively small number of commodity rates that are established therefrom as compared with the long list of articles from all other eastern groups. Many of these commodities are forwarded from this one group alone, which fact is the probable explanation of the varied bases for making rates for each commodity or commodity group (the group consisting of all allied articles, such as clay, talc, algalite), being rated under a different system.

Rochester-Syracuse, N. Y., and Points Taking the Same Rates.—From Rochester and Syracuse, N. Y., and points taking the same rates to percentage points shown on Map 4, general commodity rates are established on the basis of 70 per cent of the rates from New York to Chicago and other 100 per cent points. To points other than those located in the 100 per cent group, rates are scaled on the established percentage of the rate from Rochester or Syracuse to Chicago, this adjustment therefore involving the application of the double percentage.

For example, taking the rate on cordage based on the New York rate to Chicago of 36 cents, 70 per cent yields 25 cents as the Rochester-Syracuse-Chicago rate; 117 per cent of this figure yields 29.25 cents, as 29.5 cents as the rate from Rochester-Syracuse to East St. Louis, a 117 per cent point.

The following gives the rates on some representative commodities from this group to selected western destinations:

From Syracuse, N. Y. To Percentage Groups	Pig Lead	Brimstone	Clay	Woods of Value	Ammunition (Fixed)	Cordage	Oysters	Cotton Bags	Pig Iron①	Old Car Axles①
67	11	..	13.5	..	17.5	17	..	..	$2.70	$2.80
77	12	..	13.5	..	17.5	19.5	..	..	3.10	3.20
87	13.5	..	15	..	18.5	22	..	..	3.50	3.70
100	15.5	..	17	..	21.5	25	..	..	4.00	4.20
107	16.5	..	18	..	23	27	..	..	4.30	4.50
117	18	..	20	..	25	29.5	..	..	4.70	4.90

Rates in cents per 100 lbs. unless otherwise specified.
①Per ton of 2,240 lbs.

There are some exceptions in the application of the general basis, for example, the general basis is not observed on bulk salt to Chicago, the rate of 10.5 cents being established. This basis is not applied to other percentage points and is defended on the ground of water competition. It will be observed that both Rochester and Syracuse are in close proximity to Lake Ontario ports, and that it is possible for the interests located thereat to avail themselves of water competition in the event of excessive rail charges. This fact tends to keep the basis of rates from this group on a low plane, possibly somewhat lower than would obtain were it not for this advantage possessed by these points.

Philadelphia, Pa., and Points Taking the Same Rates.—As in class rates, commodity rates are established from Philadelphia, in most instances, by employing differentials which have been agreed upon by the interested carriers, and are lower than the rates currently in effect from New York and New York rate points. However, there are several commodities for which the same rates are made applicable from Philadelphia as are current from New York, namely, common-black blasting powder, wire rods, wire—barb, binding, and fence—hay bands, etc. The class differential of the class rate which is the same as, or immediately higher than, the commodity rate is applied. For example, if a commodity rate from New York to Chicago is 30 cents, which is the same as the sixth-class rate, the rate from Philadelphia is 2 cents less or 28 cents. If the commodity rate is not the same as the class rate, the differential for the class rate next higher applies, that is, if a rate of 32 cents were established from New York to Chicago, this being slightly higher than the sixth-class rate, the fifth-class differential of 2 cents is applied, or stated another way, if a commodity rate of 65 cents were established from New York to Chicago, notwith-

standing that the rates more nearly approximate the third-class rate, the second-class differential would be deducted.

Baltimore, Md., and Points Taking the Same Rates.—The exposition of the Philadelphia adjustment holds good with respect to the bases employed from Baltimore, with the exception that the differentials on the first class and the second class are 8 cents, and the lower classes 3 cents per one hundred pounds, in contrast with 6 cents and 2 cents from Philadelphia.

In the application of these differentials, it is necessary in all instances, to first construct the rate from New York to the desired percentage group, that is, the rate is not to be established from Philadelphia to Chicago, in the first instance and then scaled, but it is to be scaled from New York to the various percentage groups, and the differentials authorized deducted from the rates thus established.

Scranton, Pa., and Points Taking the Same Rates.—What was previously stated with regard to the establishment of rates from the Rochester-Syracuse group is true so far as the adjustment of rates from Scranton, Pa., is concerned, except that the base rate from Scranton to Chicago is established on the basis of 80 per cent of the New York-Chicago rate instead of the figure employed from Rochester and Syracuse.

From Williamsport, Pa., and Points Taking the Same Rates.—The general adjustment from this group to the 60 per cent group is that whatever rates may be established from Baltimore are applied from Williamsport. To percentage groups, other than the 60 per cent group, commodity rates are scaled on the basis of 77 per cent of the rates from New York to Chicago and other points in the 100 per cent group, observing the rates from Baltimore to the 60 per cent group as minimum.

Representative commodity rates from Williamsport, Pa., to western percentage groups are shown in the following tabulation:

From Williamsport, Pa. To Percentage Groups	Pig Lead	Brimstone	Clay	Woods of Value	Ammunition (Fixed)	Cordage	Oysters	Cotton Bags	Pig Iron ①	Old Car Axles ①
73	12.5	..	15	..	22	20	..	..	$3.20	$3.40
79	13.5	..	15	..	22	21.5	..	..	3.50	3.60
88	15	..	16.5	..	22	24	..	..	3.90	4.00
100	17	..	18.5	..	24	27.5	..	..	4.40	4.60
120	20.5	..	22	..	29	33	..	..	5.20	5.50

Rates in cents per 100 lbs. unless otherwise specified.
①Per ton of 2,240 lbs.

Cumberland, Md., and Points Taking the Same Rates.—In general, the rates from the Cumberland, Md., group are made the same as the Williamsport group with the exception that the minimum rates established from Baltimore to the 60 per cent group are observed only by the Pennsylvania Railroad and affiliated lines. Traffic moving from this group by the Baltimore & Ohio Railroad or lines other than the Pennsylvania System would not be subject to this requirement.

From Belington, W. Va., and Richwood, W. Va., and Points Taking the Same Rates.—In a very general way, the rates established on the commodity from this group are based on the Cumberland adjustment, that is, the rates from Cumberland are not exceeded except in special instances where peculiar circumstances, such as the length of haul involved, require a disregard of the Cumberland basis.

It will be observed that from this group to those short-haul points the length of the haul varies greatly, for example, the haul from Belington to Pittsburgh, a 60 per cent point, is materially less than from Belington to Erie, Pa.; and consequently, in many cases it will be found that to such points the basis has not been adhered to. There are, however, so many exceptions to this

basis that it might well be said that the rates are established by the carriers arbitrarily to meet conditions as they find them, observing, in a general way, the Cumberland, Md., rates as maxima.

From Lexington, Va., and Points Taking the Same Rates.—Commodity rates from the Lexington, Va., group are on the same general basis as from Baltimore. That is, the rates from the Lexington group are made the same arbitraries under the New York rates as are the Baltimore rates, observing, however, in all cases, rates established from the Virginia Cities group to Pittsburgh as minimum rates.

From Virginia Cities and Points Taking the Same Rates.—The commodity rates from the Virginia Cities group (as indicated on Map 5) to percentage territory are the same as the rates from Baltimore to the same percentage group, except that the Virginia Cities groups are subject to varying minima, which minima rates are, as a rule, announced in connection with the information circular setting forth the base rate, the reason for which is the same as in connection with the class rate, namely, to equalize the competition of western gateways on traffic to and from points in southern territory.

Fourth Section Violations

What has been said concerning the violation of the fourth section of the Act to Regulate Commerce by the class rates is true in a great measure as concerns the commodity-rate adjustment. However, much freight is carried via circuitous routes, in which case, the application of the fourth section of the Act is violated. Circuitous routes may offer better service than the direct route either at point of origin or at the points of destination, that is, the delivery at the point of origin or destination may be more advantageous to the shipping

public than that of the direct line, from which it would appear to be an injustice to the shipper, who receives better service via the circuitous route, to force him to ship only via the direct route. For example, the circuitous route may have a spur by the side of the plant, whereas the direct route has none and it therefore cannot give the same service as the more indirect route.

The procedure employed has been to require the carriers to file with the Commission petitions citing the instances in which the fourth section of the Act is not adhered to, and to petition the Commission for relief from the provisions of this section of the Act. After due consideration, the Commission grants or denies the petitioner's request. It has, however, been quite liberal in this respect, and where lines have been thus handicapped, it has permitted them to meet the direct-line rate where the intermediate points have not been unduly prejudiced.

Although this practice is in direct violation of the fourth section of the Act to Regulate Commerce, the Commission has been given power to grant relief from the section where it is justified by special circumstances. This power of the Commission gives better service to the shipper and allows the carriers to retain traffic developed at considerable expense by means of special facilities, and it does not involve unjustifiable discrimination. The ruling of the Commission appears to be based on sound principles.

Many thousands of these petitions have been filed by the carriers throughout the country, and, as fast as possible, the Commission is passing upon the propriety of the practice. During the interim, as long as the rates involved are covered by petitions, the carriers are permitted to continue the practice of exacting higher charges from intermediate points than may be exacted

from more distant points. Unless, however, the rate is thus protected, the prohibition of the Act with respect to charging a greater sum must be observed, and complaints may be filed with the Interstate Commerce Commission alleging the unreasonableness of the custom.

The basis for both class and commodity rates from groups in Trunk Line and New England territories to percentage groups in the United States, having now been explained, we will take up in the following chapter the adjustment employed in the establishment of eastbound rates from percentage territory to Trunk Line and New England base points.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers are not to be sent to the University.

1. When was the percentage system of rates inaugurated?

2. What were the confusing elements in rate-making in this territory prior to the adoption of this system?

3. What is the prime factor used in determining the rates to points throughout the territory?

4. Illustrate the procedure employed in assigning a point to a percentage group.

5. Are the groupings the same on eastbound traffic as on westbound traffic?

6. What factors account for the irregularity of the percentage groups?

7. How does the Interstate Commerce Commission view the propriety of this adjustment?

8. Is the same formula applied between points in Trunk Line Territory, on the one hand, and points *east* of the Indiana-Illinois state line, on the other, as is applied between Trunk Line points and points *west* of the Indiana-Illinois state line?

9. What classes of service are available between New York and Chicago?

10. Considering time, which route should be selected for quick delivery?

11. What traffic can rail-and-lake routes solicit to advantage?

12. Are the eastbound rates on a commodity the same as the westbound rates on the same commodity in all cases?

13. Illustrate the construction of class rates from New York to Indianapolis, Ind.

14. What is the rule for the disposition of fractions?

15. How are the ratings applicable in connection with Rule 28 determined?

16. Does the westbound commodity-rate adjustment follow the class-rate adjustment closely?

17. Why are the greater number of commodity rates confined to apply from seaboard cities on the Atlantic Coast?

18. Distinguish between the terms "general authorization," and "specific authorization."

19. What is the intent of minimum rate provisions?

20. Illustrate the blanketing of rates.

21. What accounts for the low rates applicable between Buffalo and New York?

22. Enumerate the interior eastern basing points.

23. What is meant by the expression "New York plus"?

24. How are the rates from Boston, Mass., to points in the 70 per cent group constructed, and does this method differ from the construction of rates from the same points to Cairo, Ill.?

25. Illustrate the construction of rates from Cumberland, Md., to Chicago.

26. Construct class rates from Albany, N. Y., to Toledo, Ohio.

27. Construct the fifth-class rate from New Berlin, N. Y., to Columbus, Ohio.

28. Construct the fifth-class rate from Ogdensburg, N. Y., to Indianapolis, Ind.

29. Construct the class rates from Syracuse, N. Y., to East St. Louis, Ill.

30. How are the rates from Baltimore to percentage territory adjusted with respect to the rates from Philadelphia?

31. What necessitates the special basis of rates obtaining to and from the Virginia Cities?

32. When a rate per ton is established on any commodity from New York to Chicago, what basis is employed in computing the rate upon such commodity from other points?

33. Illustrate the construction of commodity rates from Boston, Mass., to western destinations.

34. What is the basis for the construction of rates on burlap bagging from New York to western destinations?

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FREIGHT RATES

OFFICIAL CLASSIFICATION TERRITORY AND EASTERN CANADA

ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

C. C. McCAIN
Manager, Eastern Freight Inspection Bureau

JOHN P. CURRAN
Of the Central Freight Association

PART I

INTRASTATE RATES
INTRATERRITORIAL RATES

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INTERSTATE COMMERCE
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Practical Traffic Problems

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FREIGHT RATES

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FREIGHT RATES

OFFICIAL CLASSIFICATION TERRITORY AND EASTERN CANADA

INTRODUCTION

Territorial Description

In the treatise on *Freight Classification* it was stated that in many cases a specified classification governs beyond the boundaries of the territory bearing its name. Under the heading "Official Classification Boundaries and General Application" in the treatise on *Freight Classification* it was shown that in a number of cases the Official Classification governs beyond the boundaries of the territory shown as Official Classification Territory in the *Atlas of Railway Traffic Maps.*[1] To ascertain the general reason which causes the "overlap" of the Official Classification into adjoining territory, it will be well to note a few of the overlaps as disclosed in the following pages.

1. The competition between Canadian lines serving such cities as Montreal and Quebec, Que., St. Johns, N. B., and Halifax, N. S., and American lines serving North Atlantic Ports, from Portland, Me., to Newport News, Va., has compelled the carriers, in many cases, to use the Official Classification between points in eastern Canada and the United States.

2. On the south competitive conditions prevail where the Chesapeake & Ohio Railway and Norfolk and Western

[1] See Map 1, *Atlas of Railway Traffic Maps.*

Railway (traversing Southern Territory) compete for traffic to and from the seaboard with the New York Central Lines, Pennsylvania Lines, Baltimore & Ohio System, and other northern routes. In order to compete on an equitable basis, the rate adjustments of the different roads must be built upon the same lines and must be subject to the same rules, regulations, and classification. Here again we find that the limits of the territory have been extended somewhat.

3. Similarly, on the west certain competitive elements exist. On the eastern shore of Lake Michigan, Grand Haven, Manistee, Ludington, etc., mark the termini of several eastern rail routes. In order to attract tonnage to their rails, they have extended the Chicago[2] rate basis to and from such west-bank ports as Milwaukee, Marinette, Manitowoc, and Kewanee, Wis. The traffic is transported across Lake Michigan either as cargo (break-bulk) freight or in cars on car-ferry boats.

4. Still again, Chicago, Ill., St. Louis, Mo., on the one hand, and Duluth and St. Paul, Minn., on the other, are rivals for rate supremacy in supplying the west and northwest with products that they require. As both Chicago and St. Louis have for years drawn their supplies from the east under rates of transportation governed by the Official Classification, it was perfectly natural that the northern lines radiating from Duluth and St. Paul throughout the north and northwest established routes over which rates were established governed by the Official Classification which minimized advantages possessed in this respect by the southern cities.

One word will suffice to explain the so-called over-lap of these territorial rate adjustments and that is "Competition." It may be the competition between carriers (such as that between the Chesapeake & Ohio Railway

[2] Chicago is in 100% territory.

and the Baltimore & Ohio System), or between territories (such as that between Canadian ports and ports in this country), or between transportation routes (such as that between the car-ferry routes across Lake Michigan and the all-rail routes via Chicago and Chicago Junctions), or between municipalities (such as that between Chicago, Ill., and Duluth, Minn., on traffic to or from the West). One or all of these phases of competition may account for the extension of a certain rate adjustment beyond the territorial limits proper.

Subdivision of Territory

Official Classification Territory is divided into three rate territories, having associations as follows: (1) the New England Freight Association,[3 6] which has jurisdiction over rates established or proposed on traffic moving between points in the New England States; (2) the Trunk Line Freight Association,[4 6] which has jurisdiction over rates on traffic moving between points in Trunk Line Freight Association Territory; and (3) the Central Freight Association,[5 7] which has jurisdiction over rates on traffic moving between points in that part of the middle-western states which is not under the jurisdiction of the Trunk Line Freight Association.

Freight Associations

These associations are composed of the principal roads operating within or through the respective territories. Like many associations, they are comprised of principal and subordinate committees, the principal committee usually being the executive committee, which directs the general administrative affairs of the association.

---

[3] L. H. Kentfield, Chairman, New Haven, Conn.
[4] C. C. McCain, Chairman, 143 Liberty St., New York, N. Y.
[5] Eugene Morris, Chairman, Transportation Bldg., Chicago, Ill.
[6] See Map 3, *Atlas of Railway Traffic Maps.*
[7] See Map 2, *Atlas of Railway Traffic Maps.*

The various business questions coming before the association are usually assigned to appropriate committees delegated to deal with such matters. The multiplicity of rate and traffic questions has necessitated the creation of many subordinate committees, such as the brick committee, the grain committee, the live stock and dressed meats committee, the import rate committee, the terminal and lighterage committee, etc.

The membership of the executive committee usually consists of vice-presidents in charge of traffic or the chief traffic officer, while the other committees are comprised of such officers as may be in charge of particular traffic. The development of these associations and committees in recent years has been rapid, particularly in the freight departments, and there are few roads at this time whose freight traffic officers are not members of some association or one or more committees thereof.

The increasing activities of national and state commissions and the innumerable decisions and regulations emanating from these bodies have added greatly to the subjects which must necessarily receive joint consideration by the carriers. It is publicly recognized that uniformity in rates by different routes, as well as any regulations affecting the movement of traffic, is essential in order that there shall be equality of charges and service to those who employ the railroads. It is only through some centralized association or committee that these matters can be suitably arranged and adjusted.

The Interstate Commerce Commission and various state commissions recognize and seek the co-operation of these associations as a convenient medium for the expeditious and uniform handling of matters affecting all carriers that are members thereof. Further, the utility of these associations is recognized by commercial bodies and by a large class of the shipping public who now understand that most questions of rate adjustment are

of a competitive character, involving many points commercially competitive, and are, therefore, of concern to many carriers, and that consideration and disposition thereof can be most satisfactorily conducted by conference through these associations.

From the carriers' standpoint it may be said that there are few questions of rate construction or traffic regulation that are now considered by these associations independently of their relation to, or effect upon, commercial interests, and it rarely occurs that important changes are made which have not to some extent been a matter of discussion with commercial bodies, interested shippers, or representatives of particular traffic or localities.

These associations are created and maintained by the railroads for the primary purpose of adjusting all questions of rate construction and collateral rules and regulations which are of common, competitive interest to members, and to secure the stability of reasonable rates and arrangements and the observance of the requirements of the law governing the same. There are no restrictive rules or penalties governing members, nor is there any curtailment of each carrier's rights independently to establish such rates and regulations as it may wish.

These associations are now recognized as an indispensable department of the carriers for the convenient and expeditious handling of the innumerable subjects relating to rates and traffic which must receive uniform treatment if the fundamental principles of the law are to be met by the carriers.

Traffic Characteristics

This territory, in so far as area is concerned, constitutes but one-ninth of that of the United States. It possesses, however, all of the attributes that make for low transportation charges.

Nature of the Country

To begin with, the nature of the country, which is comparatively level east and west of the Allegheny Mountains, admits of an initial cost of construction and a subsequent cost of operation which are much lower, in all respects, than the high construction and operating costs, combined with light traffic, in the west and south.

Density of Population

The following tabulation gives the population of the various states comprising the respective rate associations, the grand total constituting approximately one-half of the population of this country.

NEW ENGLAND FREIGHT ASSOCIATION TERRITORY[6]

Connecticut	1,114,756
Maine	742,371
Massachusetts	3,366,416
New Hampshire	430,572
Rhode Island	542,610
Vermont	355,956
Total	6,552,681

TRUNK LINE FREIGHT ASSOCIATION TERRITORY

Delaware	202,322
Maryland	1,295,346
New Jersey	2,537,167
New York	9,113,614
Pennsylvania	7,665,111
District of Columbia	331,069
Total	21,144,629

[6] It will be noted in the following tabulation that neither Virginia nor West Virginia is included therein, nor is the population of such points as St. Louis, Mo., Louisville, Ky., and other centers included, as it is believed that the states selected will fully emphasize the point at issue.

CENTRAL FREIGHT ASSOCIATION TERRITORY

Illinois	5,638,591
Michigan	2,810,173
Ohio	4,767,121
Indiana	2,700,876
Total	15,916,761
Grand total*	43,614,071

The following tabulation shows that the density of railroad mileage and the per cent of the total mileage of the United States, as well as the number of miles of railroad for 100 miles of territory, are equally as favorable to this section of the country.

NEW ENGLAND FREIGHT ASSOCIATION TERRITORY

State	Official Mileage	Proportion to Total Mileage in U. S.	Number of Miles per 100 Square Miles of Territory
Connecticut	999.04	.39	20.73
Maine	2275.57	.90	7.61
Massachusetts	2131.01	.84	26.51
New Hampshire	1255.85	.49	13.91
Rhode Island	202.96	.08	19.02
Vermont	1073.38	.42	11.76
	7937.81	3.12	

TRUNK LINE FREIGHT ASSOCIATION TERRITORY

Delaware	334.97	.13	17.04
Maryland	1433.97	.56	14.42
New Jersey	2314.67	.91	30.80
New York	8534.15	3.36	17.91
Pennsylvania	11692.57	4.61	26.08
D. of C.	36.23	.01	60.38
	24346.56	9.58	

* 1910 Census.

CENTRAL FREIGHT ASSOCIATION TERRITORY

State	Official Mileage	Proportion to Total Mileage in U. S.	Number of Miles per 100 Square Miles of Territory
Illinois	12142.96	4.79	21.69
Indiana	7479.31	2.96	20.75
Michigan	8869.90	3.49	15.42
Ohio	9158.61	3.61	22.48
	37650.78	14.85	
Grand total[10]	69452.98	27.88	

It will be observed from this tabulation that practically all the states have a density of railroad mileage considerably in excess of 10 miles per 100 square miles of territory. The average for the states west of the Mississippi River is in the neighborhood of 7 miles, which indicates very effectively what room there is for expansion in our railroad system as a whole.

Sources of Traffic

Regarding industrial and commercial activity, it is a well-known fact that the greatest mining and manufacturing enterprises of this country are located in this territory. It is appropriate, at this time, to consider some of the more important items that enter into the heavy freight traffic movement in this territory, in order that the reason for the special adjustments hereinafter described may be appreciated.

Water competition has had little to do with the scale of rates employed in this territory, for aside from that afforded by the Great Lakes, which are usually available from the middle of April to the middle of October, and by the ocean between points on the seaboard, the competition afforded by the other waterways, of which the Ohio

[10] Twenty-eighth Annual Report, Bureau of Railway Statistics.

and Mississippi rivers are the most important, may be regarded as potential, attracting little, if any, other traffic than that which is compelled to move via those channels.

According to the report of the Interstate Commerce Commission relative to the freight traffic movement of the entire United States for the year ending June 30, 1913, 1,144,840,303 tons of freight originated on roads making reports to the Interstate Commerce Commission in eastern, western, and southern territories.

This tonnage was distributed as follows:[11]

Products of agriculture	214,541,542
Products of animals	43,977,630
Products of the mines	881,160,472
Products of the forest	150,783,578
Manufacturers	259,872,837
Merchandise	51,649,606
Miscellaneous	78,606,604
Total tons	1,680,592,269

Of this tonnage, 50 per cent moved over the lines in Official Classification Territory, the traffic being assigned to the following grand divisions and subdivisions, the first of which was grouped as follows:

The products of agriculture are as follows:

Grain	33,560,998
Flour	10,405,707
Other mill products	9,214,938
Hay	6,190,764
Tobacco	609,366
Cotton	1,952,174
Fruits and vegetables	18,570,008
Other products of agriculture	3,978,446
Total	84,482,401

The tonnage of products of animals was distributed in the following manner:

[11] Twenty-eighth Annual Report, Bureau of Railway Statistics.

Live stock	5,965,944
Dressed meats	3,864,129
Other packing-house products	2,817,396
Poultry, game, and fish	1,352,017
Wool	627,764
Hides and leather	1,920,964
Other products of animals	4,852,831
Total	21,401,045

The products of mines constituted the greatest amount of tonnage for any of the single subdivisions and were distributed as follows:

Anthracite coal	115,884,146
Bituminous coal	313,347,414
Coke	38,502,745
Ores	41,257,363
Stone, sand, and other like products	67,919,391
Other products of mines	7,907,919
Total	584,818,978

The tonnage derived from forest products was assigned as follows:

Lumber	41,212,566
Other products of forests	12,392,548
Total	53,605,114

That manufacturing is engaged in to a greater extent in Official Classification Territory than in other territories is best evidenced by the fact that the amount of tonnage of manufactured articles moving in this territory was over two times as great as that for the balance of the country. The tonnage was distributed as follows:

Petroleum and other oils	12,141,894
Sugar	3,731,291
Naval stores	617,011
Iron, pig and bloom	13,511,613
Iron and steel rails	3,241,708

Other castings and machinery	14,485,301
Bar and sheet metal	22,893,138
Cement, brick, and lime	40,814,615
Agricultural implements	1,029,887
Wagons, carriages, and tools	2,806,311
Wines, liquors, and beers	3,172,048
Household goods and furniture	1,919,722
Other manufactures	52,128,916
Total	172,493,455
Merchandise	39,155,369
Miscellaneous	45,442,700
Grand total (in tons)	1,001,399,052

With such an immense amount of traffic it is only natural that the rates in this territory have been and are on a lower basis than obtains in other sections of the country. In the subsequent chapters it is the author's purpose to set forth the various adjustments or bases for rate construction that are employed in making the rates on which the greater part of this tonnage is moved.

CHAPTER I

INTRASTATE RATES

In General

Before taking up the territorial and interterritorial adjustment of rates, attention will be given to intrastate rates in those states where the state commissions have provided scales. It will be noted that fewer rates have been prescribed by the state regulating bodies in this territory than in Western and Southern territories.

The scale of rates prescribed by the Illinois Commission is of considerable importance because of the great amount of traffic having its origin and destination in that state. However, a considerable amount of traffic destined to points in the Southeast moves from Chicago and related points via Cairo, Ill., and other Ohio River Crossings. In such cases it will be seen that the intrastate adjustment may have an important effect on the making of interstate rates.

The only states in this territory prescribing complete tables of distance rates are Illinois and Michigan.

Illinois

The Illinois scale provides for ten classes numbered from 1 to 10, inclusive, and is governed by the Illinois classification issued by the public utilities commission of that state.

A comparison of the Illinois rates with the intrastate rates in Michigan[1] and the rates in Central Freight Association Territory[2] shows the C. F. A. Zone C rates to be

[1]See Table 2.
[2]See Table 3C.

somewhat higher. It is an interesting bit of history that in 1905 and 1906 the Illinois Railroad and Warehouse Commission reduced its rates because they were higher than the Central Freight Association scale. In fact, the rates from points in Indiana to St. Louis were much lower than those from Chicago to St. Louis. Consequently, a complaint was brought before the Illinois Commission by the shipping interests of Chicago and other Illinois cities, which resulted in a substantial reduction in the existing rates and in removing the discrimination complained of. By order of the Interstate Commerce Commission the C. F. A. rates were increased by 15%, bringing the rates above those of the Illinois mileage scale.

(a) Classification of Carriers

In the application of the schedule set forth in Table 1, the carriers operating in the state are divided into two classes, namely, Class A and Class B. Class A includes the more important lines in the state, which are as follows:

Atchison, Topeka & Santa Fe Ry.
Baltimore & Ohio R. R.
Baltimore & Ohio Southwestern R. R.
Belt Ry. of Chicago
Chicago & Alton R. R.
Chicago & Eastern Illinois R. R.
Chicago & Erie R. R.
Chicago and North Western Ry.
Chicago & Western Indiana R. R.
Chicago, Burlington & Quincy R. R.
Chicago Great Western R. R.
Chicago Heights Terminal Transfer R. R.
Chicago Junction Ry.
Chicago, Milwaukee & St. Paul Ry.
Chicago, Rock Island & Pacific Ry.
Chicago Short Line Ry.
Chicago Terminal Transfer R. R.
Cincinnati, Indianapolis & Western R. R.
Cleveland, Cincinnati, Chicago & St. Louis Ry.
Elgin, Joliet & Eastern Ry.
Grand Trunk Western Ry.
Illinois Central R. R.
Lake Erie & Western R. R.
Macoupin County Ry.
Michigan Central R. R.
Minneapolis, St. Paul & Sault Ste. Marie Ry.
Mobile & Ohio R. R.
New York Central R. R.
New York, Chicago & St. Louis R. R.
Pennsylvania Co.
Peoria & Pekin Union Ry.
Pittsburgh, Cincinnati, Chicago & St. Louis Ry.
Pittsburgh, Fort Wayne & Chicago Ry.
St. Louis, Iron Mountain & Southern Ry.
St. Louis Merchants Bridge Terminal Ry.
Southern Ry.
Terminal R. R. Association of St. Louis
Terre Haute & Indianapolis R. R.
Wabash Ry.

These roads are compelled by law, in publishing their rates, not to exceed the rates shown in Table 1.

Class B includes the smaller lines:

Calumet Western Ry.
Chicago & Illinois Midland Ry.
Chicago & Illinois Western R. R.
Chicago, Peoria & St. Louis R. R.
Chicago, Peoria & Western Ry.
Chicago Union Transfer Ry.
Chicago, West Pullman & Southern R. R.
Davenport, Rock Island & Northwestern Ry.
East St. Louis Connecting Ry.
Galesburg & Great Eastern R. R.
Illinois Northern Ry.
Illinois Southern Ry.
Illinois Terminal R. R.
Illinois Valley Belt R. R.
Iowa Central Ry.
Kankakee & Seneca R. R.
La Salle & Bureau County R. R.
Litchfield & Madison Ry.
Louisville & Nashville R. R.
Peoria Railway Terminal Co.
Quincy, Omaha & Kansas City R. R.
St. Louis & O'Fallon Ry.
St. Louis, Troy & Eastern R. R.
Terre Haute & Peoria R. R.
Toledo, Peoria & Western Ry.
Toledo, St. Louis & Western R. R.
Toluca, Marquette & Northern R. R.
Wabash, Chester & Western R. R.
Waukegan & Mississippi Valley Ry.

Class B also includes the electric interurban lines. The roads in this class are entitled to add 10 per cent to the rates shown in Table 1 for Classes 1 to 5, inclusive, and 5 per cent to the rates for Classes 6 to 10, inclusive, and to such commodity rates as may be established.

In the event that the name of any of the companies is changed or that control is assumed by another line, that fact will not serve to change the class of such railroad or railroads unless sanctioned by the Public Utilities Commission of Illinois.

TABLE 1
RATES FOR CLASS-A ROADS

Distances	Rates[1] in Cents per 100 Pounds									
	Classes									
	1	2	3	4	5	6	7	8	9	10
2 miles and under	7.5	6.	5.3	4.5	3.6	2.5	2.3	2.2	1.9	1.8
4 " " over 2 miles	9.	7.5	6.8	5.3	4.2	3.2	2.9	2.8	2.4	2.2
6 " " " 4 "	10.5	9.	7.5	6.	4.8	4.2	3.9	3.7	3.2	2.9
10 " " " 6 "	12.	10.5	9.	6.8	5.4	5.1	4.8	4.2	3.7	3.4
15 " " " 10 "	13.5	12.	10.5	7.5	6.	5.9	5.6	4.7	4.	3.5
20 " " " 15 "	15.	13.5	11.3	8.3	6.6	6.3	6.	5.1	4.2	3.8
25 " " " 20 "	16.5	15.	12.	9.	7.2	6.8	6.5	5.6	4.4	4.
30 " " " 25 "	18.1	15.8	12.8	9.6	7.7	7.2	6.9	6.	4.7	4.2
35 " " " 30 "	19.6	16.5	13.5	10.2	8.1	7.6	7.1	6.3	4.8	4.4
40 " " " 35 "	21.1	17.3	14.3	10.5	8.4	8.	7.8	6.5	5.	4.5
45 " " " 40 "	22.6	18.1	15.	10.9	8.7	8.5	8.2	6.7	5.2	4.7
50 " " " 45 "	23.3	18.8	15.8	11.3	9.	8.7	8.6	6.9	5.4	4.9

[1] Governed by the Illinois Classification.

TABLE 1—Continued
Rates for Class-A Roads

Distances	Rates[1] in Cents per 100 Pounds									
	Classes									
	1	2	3	4	5	6	7	8	9	10
55 " " " 50 "	24.1	19.6	16.5	11.7	9.3	9.2	8.9	7.1	5.6	5.
60 " " " 55 "	24.8	20.3	17.3	12.	9.6	9.5	9.1	7.3	5.8	5.2
65 " " " 60 "	25.6	21.1	18.	12.4	9.9	9.7	9.3	7.5	6.	5.4
70 " " " 65 "	26.3	21.8	18.4	12.8	10.2	9.9	9.5	7.7	6.1	5.5
75 " " " 70 "	27.1	22.6	18.8	13.2	10.5	10.2	9.7	7.9	6.3	5.6
80 " " " 75 "	27.8	23.3	19.	13.5	10.8	10.7	10.3	8.	6.4	5.8
85 " " " 80 "	28.6	23.7	19.2	13.9	11.1	11.	10.5	8.2	6.5	5.9
90 " " " 85 "	29.3	24.1	19.5	14.3	11.4	11.2	10.7	8.4	6.7	6.
95 " " " 90 "	30.	24.4	19.7	14.7	11.7	11.5	10.8	8.6	6.9	6.2
100 " " " 95 "	30.8	24.8	19.9	15.	12.	11.7	11.	8.8	7.	6.3
105 " " " 100 "	31.6	25.2	20.2	15.3	12.3	11.9	11.2	9.	7.1	6.4
110 " " " 105 "	32.3	25.6	20.4	15.6	12.5	12.2	11.4	9.2	7.3	6.6
115 " " " 110 "	33.1	25.9	20.6	15.9	12.8	12.4	11.6	9.4	7.5	6.7
120 " " " 115 "	33.8	26.3	20.8	16.2	13.	12.6	11.7	9.5	7.6	6.8
125 " " " 120 "	34.2	26.7	21.1	16.5	13.2	12.7	11.9	9.7	7.8	7.
130 " " " 125 "	34.6	27.1	21.3	16.8	13.5	12.9	12.1	9.9	7.9	7.1
135 " " " 130 "	35.	27.5	21.5	17.1	13.7	13.1	12.2	10.1	8.	7.2
140 " " " 135 "	35.3	27.8	21.7	17.4	14.	13.3	12.4	10.3	8.2	7.4
145 " " " 140 "	35.7	28.2	22.	17.7	14.2	13.4	12.5	10.4	8.3	7.5
150 " " " 145 "	36.1	28.6	22.2	18.1	14.4	13.6	12.6	10.6	8.4	7.6
155 " " " 150 "	36.5	28.9	22.4	18.2	14.6	13.8	12.8	10.7	8.5	7.7
160 " " " 155 "	36.9	29.2	22.6	18.3	14.7	14.	12.9	10.9	8.6	7.8
165 " " " 160 "	37.1	29.5	22.9	18.5	14.8	14.2	13.	11.	8.7	7.9
170 " " " 165 "	37.5	29.8	23.1	18.7	14.9	14.3	13.1	11.1	8.8	8.
175 " " " 170 "	37.7	30.1	23.3	18.8	15.	14.5	13.2	11.2	8.9	8.1
180 " " " 175 "	38.	30.4	23.5	18.9	15.2	14.6	13.3	11.4	9.	8.2
185 " " " 180 "	38.4	30.7	23.8	19.1	15.3	14.7	13.4	11.5	9.1	8.3
190 " " " 185 "	38.7	31.	24.	19.2	15.4	14.9	13.5	11.7	9.2	8.4
195 " " " 190 "	38.9	31.3	24.2	19.4	15.5	15.	13.6	11.8	9.3	8.5
200 " " " 195 "	39.1	31.6	24.4	19.6	15.6	15.2	13.7	12.	9.4	8.6
210 " " " 200 "	39.6	32.	24.8	19.9	15.9	15.4	13.9	12.2	9.5	8.7
220 " " " 210 "	40.2	32.5	25.2	20.2	16.1	15.5	14.1	12.4	9.7	8.8
230 " " " 220 "	40.7	32.9	25.6	20.5	16.4	15.7	14.2	12.6	9.9	8.9
240 " " " 230 "	41.2	33.4	25.9	20.8	16.6	15.9	14.4	12.7	10.1	9.1
250 " " " 240 "	41.7	33.8	26.3	21.1	16.8	16.1	14.6	12.9	10.3	9.3
260 " " " 250 "	42.3	34.3	26.7	21.4	17.1	16.3	14.8	13.1	10.4	9.4
270 " " " 260 "	42.8	34.7	27.1	21.7	17.3	16.4	15.	13.3	10.6	9.5
280 " " " 270 "	43.3	35.2	27.5	22.	17.6	16.6	15.1	13.5	10.7	9.6
290 " " " 280 "	43.8	35.6	27.8	22.3	17.8	16.8	15.3	13.7	10.9	9.8
300 " " " 290 "	44.4	36.1	28.2	22.6	18.1	17.	15.5	13.9	11.	9.9
320 " " " 300 "	45.1	36.9	29.	23.	18.4	17.4	16.	14.1	11.2	10.1
340 " " " 320 "	45.9	37.6	29.7	23.5	18.8	17.9	16.4	14.4	11.6	10.4
360 " " " 340 "	46.6	38.4	30.5	23.9	19.1	18.3	16.9	14.7	11.9	10.7
380 " " " 360 "	47.4	39.1	31.2	24.4	19.5	18.8	17.3	15.	12.2	11.
400 " " " 380 "	48.1	39.9	31.6	24.8	19.9	19.1	17.6	15.3	12.5	11.3
420 " " " 400 "	48.5	40.2	32.	25.1	20.	19.4	17.8	15.7	12.8	11.5
440 " " " 420 "	48.9	40.5	32.3	25.4	20.3	19.7	18.	15.9	13.1	11.8
460 " " " 440 "	49.3	40.8	32.7	25.7	20.5	20.	18.2	16.2	13.4	12.1
480 " " " 460 "	49.6	41.1	33.1	26.	20.8	20.3	18.5	16.6	13.8	12.4
500 " " " 480 "	50.	41.4	33.5	26.3	21.1	20.5	18.8	16.9	14.1	12.6

[1] Governed by the Illinois Classification.

(b) Application of Rates

In formulating rate schedules under this statute the carriers, so far as their local rates are concerned, ascertain the distance from one point to another and apply the scale of rates prescribed for that distance for the class of carrier that is engaged.

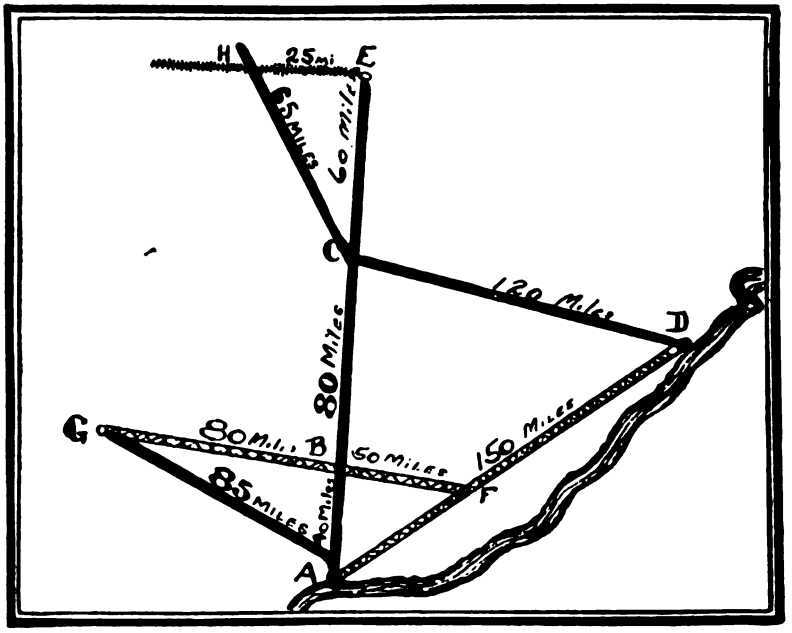


DIAGRAM 1

(c) Joint Rates

In many instances joint rates are made on single-line mileage combinations and not by the application of the continuous-mileage scale. For example, taking Diagram 1 to illustrate the point, the distance from E to C is shown as 60 miles and that from C to D as 120 miles. Assuming that the respective hauls were made over separately

owned and operated Class-A roads, the through rates would be determined as follows:[8]

Classes	1	2	3	4	5	6	7	8	9	10
E to C (60 mi.)	24.8	20.3	17.3	12.	9.6	9.5	9.1	7.3	5.8	5.2
C to D (120 mi.)	33.8	26.3	20.8	16.2	13.	12.6	11.7	9.5	7.6	6.8
(180 mi.)	—	—	—	—	—	—	—	—	—	—
Through rates..	58.6	46.6	38.1	28.2	22.6	22.1	20.8	16.8	13.4	12.0

This practice results in rates which are materially higher than those that would obtain were the scale for 180 miles employed.

(d) Equalization of Competition

Competition of railways and transportation routes sometimes occasion a disregard of this procedure, as the lines having the longer hauls are compelled to meet or make the same rates as those established by the direct line and to reduce their rates in order to meet the competition of the short line.

For illustration, by again referring to Diagram 1 we see that the distance via the short line between A and D is 150 miles, while by way of C it is 240 miles. If the line operating via C chooses to meet the competition of the short line, the rate to any point on the long route between A and D must not exceed the A-to-D rate of the direct line, or the 150-mile scale.

It might so happen that the rate via the short line from A to D had been lowered by water competition, that is, that the charges via the river were so much lower than the rates via the direct rail lines under the regular mileage scale that the direct line would be compelled to reduce its figures materially in order to obtain a share of the business. In this event the carrier or carriers having the circuitous route might not be justified in meeting the competitive rates of the

[8] Unless otherwise specified, the rates shown are in cents per 100 pounds.

short line, unless D were a point, with sufficient traffic in sight to offset the loss occasioned by reducing its rates to the intermediate points.

It frequently occurs that the advantage in location is so overwhelming that it cannot be met by the indirect line. Take, for example, the distance from E to H via the direct line, which is shown on the diagram as 25 miles, and contrast it with the circuitous route via C from E to H, a distance of 125 miles. In such a case it would be policy for the indirect route to forego the traffic and to maintain the regular mileage scale at all points between E and H via C.

In such instances traffic destined to certain points between C and H could be forwarded from E via H at lower joint rates than would obtain under the application of the local scale via the circuitous routes. As an example, assume that there is a point X located between C and H which is 10 miles distant from H; the first-class rate would be made as follows:

VIA H (COMBINATION RATE)

E to H (25 mi.)	16.5
H to X (10 mi.)	12.
E to X ..... Through rate via H	28.5

VIA C (CONTINUOUS RATE)

E to C (60 mi.)	
C to X (55 mi.)	
E to X (115 mi.) ..... Through rate via C	33.1

Where competitive influences do not exist, such as on the line from A to E, the rates are made or scaled in conformity with the distance basis established by the state commission; that is, the figures prescribed for that distance are not exceeded at any station intermediate to, and including, E.

Michigan

As disclosed by the *Atlas of Railway Traffic Maps,* the upper part, or so-called upper peninsula, of the state of Michigan lies within Western Classification Territory, the southern part or southern peninsula being in Official Classification Territory, and as this work has to deal with that adjustment, the exposition of rates obtaining in this state will be devoted largely to the Official Classification rate structure.

Practically everyone is well acquainted with the fact that in the northern peninsula lie some of the richest copper and ore deposits to be found in the world, and as the Straits of Mackinac mark the terminus of the Official Classification line, the Western Classification Territory lines have extended their classification adjustment eastward to the straits, as it is more logical for them to do than to adopt the Official Classification of the southern peninsula lines.

While the ore and copper deposits previously mentioned account for the greater part of the tonnage of this state, coal is also produced in considerable quantity; but in the southern peninsula, particularly the northern part thereof, there is little or no traffic of consequence. The lumber interests long ago denuded Michigan forests of available timber, and at the present time this section is popularly viewed as a recreation spot or playground attracting thousands of persons annually who enjoy the effect of the bracing climate and the recreation afforded by the innumerable lakes with which the territory is dotted.

The leading manufacturing cities of Michigan are Grand Rapids, Lansing, Saginaw, Battle Creek, Albion, Traverse City, Muskegon, Port Huron, Wyandotte, and Detroit, and from an inspection of the *Atlas of Railway*

Traffic Maps, it will be noted that these points are for the most part located in the southern tier of counties.

It is true that Michigan is famed as a fruit raising state, but the fact that the movement of this commodity is seasonal does not occasion any appreciable effect upon the general class-rate structure which has been adopted by that state.

In order to minimize these conditions and to insure a fair return without undue prejudice to shippers, the Michigan carriers, in 1895, promulgated a scale of rates which are slightly higher for corresponding distances than are the rates obtaining under the Central Freight Association scale. This scale was based on 5-mile rates of progression from 5 to 100 miles, inclusive; on 10-mile rates of progression to and including 250 miles and on 25-mile rates of progression to and including 450 miles, the maximum distance being indicated as 500 miles. The rates range from 11 cents on first-class traffic for 5 miles to 55 cents per 100 pounds for 500 miles, and this scale had been in effect as a whole for many years, although in specific instances the rates had been advanced in one case and reduced in others.

Concurrent with the advance in freight rates throughout Official Classification Territory sanctioned by the Interstate Commerce Commission recently, the railroad commission of the state of Michigan authorized a general readjustment of the existing class rates obtaining in that state. The rates currently in effect are reproduced in Table 2A.

In sanctioning this increase, however, the Michigan commission, owing to the fact that it has been alleged that many points in the state were enjoying preferential rates occasioned by the disregard of distance in some instances, required carriers to recheck the entire state rate structure, with the result that the larger portion of the advance in rates in Michigan is due to this recheck.

TABLE 2

MILEAGE BETWEEN JUNCTION POINTS

Between / And	Addison Jct.	Adrian	Akron	Alabaster	Alba	Albion	Allegan	Alma	Almont	Alpena	Ann Arbor	Annpere	Arcadia	Ashley	Au Gres	Augusta	Au Sable	Bad Axe	Baldwin	Barryton	Battle Creek	Bay City	Bayport	Bay View
	DISTANCE IN MILES																							
Addison Jct.	....	33	146	200	260	37	106	121	245	260	55	82	247	104	176	63	209	184	187	157	53	134	167	305
Adrian	33	....	159	212	288	60	153	136	258	272	36	63	280	119	188	86	221	179	237	200	76	146	180	324
Akron	146	159	....	85	146	147	205	65	149	145	133	136	168	82	61	182	94	42	132	114	141	19	21	235
Alabaster	200	212	85	....	193	183	243	118	207	73	170	143	246	135	31	236	24	143	186	168	196	66	124	195
Alba	260	288	146	193	....	255	191	142	254	155	239	211	103	159	169	212	202	194	107	127	229	127	176	34
Albion	37	60	147	183	255	....	67	122	246	243	59	74	237	105	159	34	192	181	177	140	25	134	168	289
Allegan	106	153	205	243	191	67	....	140	304	303	125	148	179	128	219	38	252	228	119	140	48	172	226	225
Alma	121	136	65	118	142	122	140	....	164	178	100	73	143	17	94	157	127	104	101	50	126	52	86	176
Almont	245	258	149	207	254	246	304	164	....	263	223	235	292	181	179	200	212	104	231	213	191	137	129	384
Alpena	260	272	145	73	155	243	303	178	263	....	230	203	306	195	100	296	51	203	246	228	256	126	184	122
Ann Arbor	55	36	133	170	239	59	125	100	223	230	....	27	244	83	146	93	179	146	191	150	83	104	155	276
Annpere	82	63	136	143	211	74	148	73	235	203	27	....	217	56	119	120	152	134	173	135	79	77	157	249
Arcadia	247	280	168	246	103	237	179	143	292	306	244	217	....	160	221	212	255	225	60	132	221	168	206	127
Ashley	104	119	82	135	159	105	128	17	181	195	83	56	160	....	111	139	144	121	108	67	110	69	103	193
Au Gres	176	188	61	31	169	159	219	94	179	100	146	119	221	111	....	211	48	118	161	143	172	42	99	221
Augusta	63	86	182	236	212	34	38	157	200	296	93	120	212	139	211	....	211	199	152	185	9	170	212	254
Au Sable	209	221	94	24	202	192	252	127	212	51	179	152	255	144	48	211	....	152	196	178	205	75	134	172
Bad Axe	184	179	42	143	194	181	228	104	104	203	146	134	225	121	118	199	152	....	174	156	183	80	21	224
Baldwin	187	237	132	186	107	177	119	101	231	246	191	173	60	108	161	152	196	174	....	73	161	120	152	153
Barryton	157	200	114	168	127	140	140	50	213	228	150	135	132	67	143	185	178	156	73	....	145	102	134	224
Battle Creek	53	76	141	196	229	25	48	126	191	256	83	79	221	110	172	9	205	183	161	145	....	130	162	255
Bay City	134	146	19	66	127	134	172	52	137	126	104	77	168	69	42	170	75	80	120	102	130	....	59	216
Bay Port	167	180	21	124	176	168	226	86	129	184	155	157	206	103	99	212	134	21	152	134	162	59	....	305
Bay View	305	324	235	195	34	289	225	176	384	122	276	249	127	193	221	254	172	224	153	224	255	216	305	...
Beaverton	172	185	76	130	149	173	200	91	175	189	145	118	131	61	106	218	139	118	78	140	167	64	96	221

To serve this end, the carriers tabulated the result of their labor in a publication which, although in the form of a basing book, is filed with the Michigan commission and the Interstate Commerce Commission and is used as a

TABLE 2A

MICHIGAN CLASS-RATE SCALE

Distance	Classes								
	1	2	3	4	5	6	R25	R26	R28
5 miles.....	23.5	20	15.5	12	8.5	6.5	17	12.5	13
10 miles.....	24.5	21	16	12.5	9	7	18	13	13.5
15 miles.....	25.5	22	16.5	13	9	7	18.5	13	14
20 miles.....	27	23	17.5	13.5	9.5	7.5	19.5	14	15
25 miles.....	28	24	19	14	10	8	20.5	15	16
30 miles.....	29	25	19.5	14.5	10.5	8	21.5	15.5	16.5
35 miles.....	31	26	20.5	15.5	11	8.5	22	16.5	17.5
40 miles.....	32	27	21.5	16	11.5	9	23	17	18
45 miles.....	33	28	22	16.5	11.5	9	24	17.5	18.5
50 miles.....	34.5	29	23	17	12	9.5	24.5	18.5	19
55 miles.....	35	30	23.5	18	12.5	10	25.5	19	20
60 miles.....	35.5	30.5	23.5	18	12.5	10	26	19	20
70 miles.....	36.5	31.5	24.5	18.5	13	10	27	19.5	20.5
80 miles.....	37.5	32	25	19	13	10.5	27	20	21
90 miles.....	39	33.5	26	20	13.5	11	28.5	21	22
100 miles.....	40	34.5	26.5	20.5	14	11	29.5	21	22.5
150 miles.....	46.5	39.5	31	23.5	16	13	33.5	25	26
200 miles.....	52.5	44.5	35	26	18.5	14.5	38	28	29
250 miles.....	55.5	47	37	27.5	19.5	15	40	29.5	31
300 miles.....	58.5	49.5	39.5	29.5	20.5	16	42	31.5	33
400 miles.....	64.5	55	43	32.5	22.5	18	47	34.5	36
500 miles.....	70.5	60	47	35.5	24.5	20	51	37.5	39.5
600 miles.....	76.5	65	51	38	26.5	21.5	55.5	41	42.5
700 miles.....	83	70.5	55.5	41.5	29.5	23	60	44.5	46.5
800 miles.....	85.5	75.5	59	44.5	31	24.5	64	47	49.5

tariff. This publication indicates, in addition to the rates set forth in the preceding table, the distances between various junction points throughout the state, and the information is set forth in the manner indicated by the excerpt taken from the publication shown in Table 2.

Points enumerated in the tariff are basing points; points not shown are designated as local points, and it is well to consider at this time some of the more important rules with respect to the construction of rates under this form.

Rule 1. Rates Between Basing Points.[4]—Rates between basing points will be the mileage scale rates for the distance between the points as shown in the tariff.

Example.—Rates from Alma to Owosso, a distance of 38 miles, will be the rates shown in Table 2A for that distance, which are 32—27—21.5—16—11.5—9.

Rule 2. Rates from Basing Points to Local Points for a One-Line Haul.—Rates from a basing point to a local point located on the same railroad will be the mileage scale rates for the actual distance, except the rates shall not exceed rates to the same point via two or more railroads made in accordance with Rule 4.

Example.—From Kalamazoo to Middleville (a point on the M. C. R. R. between Grand Rapids and Hastings) rates will be computed by using the mileage from Kalamazoo to Hastings, plus the mileage from Hastings to Grand Rapids, resulting in the following: 36.5—31.5—24.5—18.5—13—10. The rates for the actual Michigan Central mileage were not used in this case because lower rates apply via two lines in accordance with Rule 4.

Rule 3. Rates from Local Points to Basing Points for a One-Line Haul.—Rates from a local point to a basing point located on the same railroad will be the mileage scale rates for the actual distance, except the rates shall not exceed rates from the same point via two or more railroads made in accordance with Rule 5.

Example.—This is the reverse of the Kalamazoo to Middleville example shown under Rule 2.

Rule 4. Rates from Basing Points to Local Points for a

[4]From Freight Tariff 175 Series, issued by Eugene Morris.

Two or More Line Haul.—Rates from a basing point to a local point located between two basing points will be arrived at by using the mileage to that basing point to which the lower mileage is shown in the tariff and adding thereto the mileage from such basing point to the other basing point, subject to the rates to the basing point taking the higher rates as minimum.

Example.—From Otter Lake to Davison (a point on the G. T. Ry. between Lapeer and Flint) rates will be computed by using the mileage from Otter Lake to Lapeer plus the mileage from Lapeer to Flint, resulting in the following: 31—26—20.5—15.5—11—8.3.

Rule 5. Rates from Local Points to Basing Points for a Two or More Line Haul.—Rates from a local point located between two basing points to a basing point will be arrived at by using the mileage from that basing point from which the lower mileage is shown in the tariff and adding thereto the mileage to such basing point from the other basing point, subject to the rates from the basing point taking the higher rates as a minimum.

Example.—This is the reverse of the Otter Lake to Davison example shown under Rule 4.

Rule 6. Rates between Local Points on Same Railroad.—Rates between local points located on the same railroad will be computed on the actual mileage from point of origin to destination as published in individual lines' Tables of Distances, lawfully on file with the state and interstate commissions.

Example.—Rates from Chelsea (a point on the M. C. R. R. between Ann Arbor and Jackson) to Parma (a point on the M. C. R. R. between Jackson and Albion) will be the rates for the actual mileage (32 miles), which are 31—26—20.5—15.5—11—8.3.

Rule 7. Rates from a Local Point on One Railroad to a Local Point on Another Railroad.

Section A. When there is a route between the origin point and the destination point, via which there is only one basing point between them, rates will be arrived at by adding the following:

(1) Mileage from basing point beyond the origin point to the intermediate basing point.

(2) Mileage from the intermediate basing point to the basing point beyond the destination point.

Example.—To ascertain rates from Potterville to Mason, add—

Mileage—Charlotte to Lansing	18	miles
Lansing to Rives Jct	26	"
	44	"

Rates—33—28—22—16.5—11.5—9.

Section B. Where more than one basing point is located between the origin point and the destination point, rates will be arrived at by the mileage as indicated below, subject to the rates from the basing point on either side of the origin point from which the higher rates apply, computed in accordance with Rule 4 of tariff, as minima:

(1) Mileage from basing point on either side of the origin point to basing point on either side of the destination point, whichever is lower.

(2) Mileage between the two basing points between which the origin point is located.

(3) Mileage between the two basing points between which the destination point is located.

Example.—To ascertain rates from Crofton to Fremont, add—

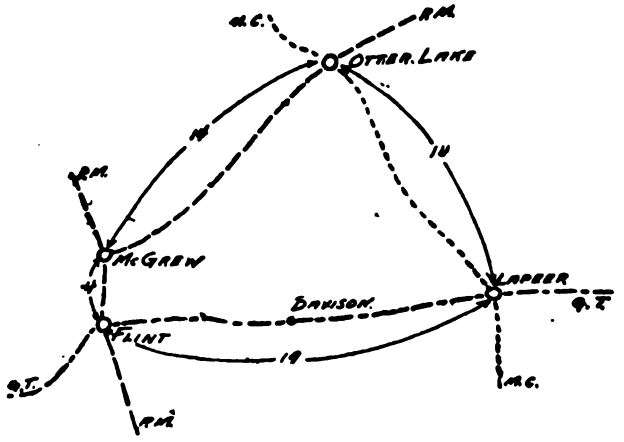
Mileage—Walton Jct. to White Cloud	83	miles
Kalkaska to Walton Jct.	18	"
White Cloud to Muskegon	35	"
	136	"

Minimum:—Kalkaska to Fremont, computed in accordance with Rule 4 of tariff, is 168 miles, arrived at as follows:

Kalkaska to White Cloud	133	miles
White Cloud to Muskegon	35	"
	168	"

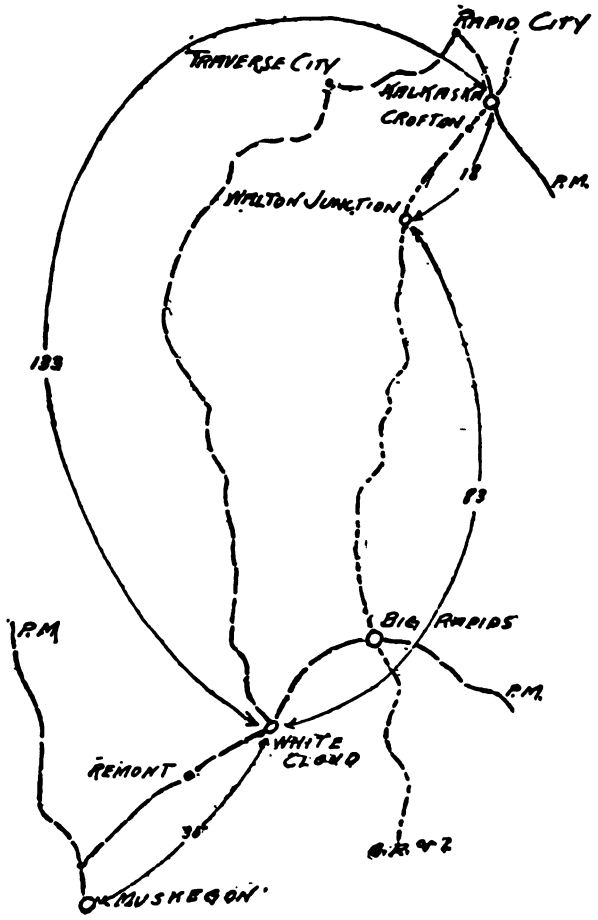
Rates—48.5—41.5—32.5—24.5—17.5—13.5.

Rules 4 and 7 are the most difficult to understand, and in order to assist the student, the following two diagrams and explanations are given.



RULE 4 DIAGRAM

In Rule 4 Diagram, it will be seen that the mileage upon which the rate from Otter Lake to Davison is computed is 14 miles from Otter Lake to Lapeer plus 19 miles from Lapeer to Flint, or 33 miles. Accordingly the rate from Otter Lake to Davison is on a 35-mile basis, or on a 31-cent scale, as shown in Table 2-A on page 22. But supposing the distance from Otter Lake to McGrew on the Pere Marquette to be 28 miles instead of 14 miles, and the distance from McGrew to Flint to be 8 miles instead of 4 miles; then the mileage from Otter Lake to Flint would be 28 plus 8 or 36 miles, and this distance would have to be considered as the minimum upon which to figure charges from Otter Lake to Davison. If the distance from Otter Lake to Flint were 36 miles, the rate from Otter Lake to Davison would be that for a 40-mile distance, or on a 32-cent scale.



RULE 7 DIAGRAM

From Section B of Rule 7, it will be seen that the mileage from Crofton to White Cloud is made up of the mileage from Kalkaska to Walton Junction plus the mileage from Walton Junction to White Cloud, observing as a minimum (according to Rule 4) the mileage from Kalkaska to White Cloud over the Pere Marquette Railroad. It will be noticed that the mileage of 83 from Walton Junction to White Cloud, is for a two-line haul; whereas the mileage of 133 from Kalkaska to White Cloud via Rapid City and Traverse City, is over the Pere Marquette only.

Ohio

A number of years ago the state of Ohio enacted a statute fixing the maximum charge for the transportation of property by freight at 5 cents per ton per mile, to which might be added a reasonable charge for loading and unloading when the service was performed by the carrier.

The burden was consequently placed upon the carriers to see that their schedules were adjusted in conformity with this law and that the rates charged for the movement of property between given points did not exceed the maximum prescribed by the statute. In other words, the state did not prescribe a scale of rates, as is the case in Michigan and Illinois, but simply established a maximum charge per ton per mile which the carriers were required to observe.

This statute, however, has been repealed by the Ohio legislature. The rates are now established by the carriers themselves but are subject to the approval by the public utilities commission of the state.

Indiana

The only remaining state included within Central Freight Association Territory is Indiana. While this state has a very active railroad commission, there never has been statutory provision as to the maximum class rates applicable within the state. The rates established by the carriers are subject to revision and approval by the state railroad commission. Consequently, the Central Freight Association scale is applied generally throughout the state on intrastate and interstate traffic. Competitive conditions have led to the adoption of the Central Freight Association scale as applied to traffic in western New York and Pennsylvania adjacent to the so-called Western Termini.

CHAPTER II

RATES WITHIN CENTRAL FREIGHT ASSOCIATION TERRITORY

The Central Freight Association Scale

So much mention has been made of the so-called Central Freight Association scale in connection with the intrastate-rate adjustments that it seems desirable to devote this chapter to a consideration of this very important rate structure.

Rates within Central Freight Association Territory, except on intrastate traffic previously discussed, are based very generally on the Central Freight Association scale of class rates which are shown in Tables 3A, 3B, and 3C.

TABLE 3A

Commission Zone-A Scale

Distances	1	2	3	4	5	6
5	18.5	15.5	12.5	9.5	6.5	5
10	19.5	16.5	13	10	7	5.5
15	20.5	17.5	13.5	10.5	7	5.5
100	34.5	29.5	23	17.5	12	9.5
110	35.5	30	24	18	12.5	10
120	37	31.5	25	18.5	13	10.5
200	46	39	31	23	16	13
210	46.5	39.5	31	23.5	16.5	13
230	47.5	40.5	32	24	16.5	13.5
300	52	44	35	26	18	14.5
320	53	45	35.5	26.5	18.5	15
400	57.5	49	38.5	29	20	16
420	58.5	49.5	39	29.5	20.5	16.5
440	60	51	40	30	21	17
480	62	52.5	41.5	31	21.5	17.5
500	63.5	54	42.5	32	22	18
520	64.5	55	43	32.5	22.5	18
600	69	58.5	46	34.5	24	19.5
620	70	59.5	47	35	24.5	19.5
660	72.5	61.5	48.5	36.5	25.5	20.5

TABLE 3B

Commission Zone-B Scale

Distances	1	2	3	4	5	6
5	20.5	17.5	13.5	10.5	7	5.5
10	22	18.5	14.5	11	7.5	6
15	23	19.5	15.5	11.5	8	6.5
100	37	31.5	25	18.5	13	10.5
110	38	32.5	25.5	19	13.5	10.5
120	39	33	26	19.5	13.5	11
200	48.5	41	32.5	24.5	17	13.5
210	49	41.5	33	24.5	17	13.5
230	50	42.5	33.5	25	17.5	14
300	54	46	36	27	19	15
320	55	47	37	27.5	19.5	15.5
400	60	51	40	30	21	17
420	61	52	41	30.5	21.5	17
440	62	52.5	41.5	31	21.5	17.5
480	64.5	55	43	32.5	22.5	18
500	65.5	55.5	44	33	23	18.5
520	66.5	56.5	44.5	33.5	23.5	18.5
600	71.5	61	48	36	25	20
620	72.5	61.5	48.5	36.5	25.5	20.5
660	75	64	50.5	37.5	26.5	21

TABLE 3C

Commission Zone-C Scale

Distances	1	2	3	4	5	6
5	24.5	21	16	12.5	8.5	6.5
10	26	22	17	13	9	7
15	27	23	18	13.5	9.5	7.5
100	41	35	27.5	20.5	14.5	11.5
110	42	36	28	21	15	11.5
120	43	36.5	28.5	21.5	15	12
200	52.5	44.5	35	26.5	18.5	14.5
210	53	45	35.5	26.5	18.5	14.5
230	54	46	36	27	19	15
300	58	49.5	38.5	29	20.5	16
320	59	50.5	39.5	29.5	21	16.5
400	64	54.5	42.5	32	22.5	18
420	65	55.5	43.5	32.5	23	18
440	66	56	44	33	23	18.5
480	68.5	58.5	45.5	34.5	24	19
500	69.5	59	46.5	35	24.5	19.5
520	70.5	60	47	35.5	25	19.5
600	75.5	64.5	50.5	38	26.5	21
620	76.5	65	51	38.5	27	21.5
660	79	67.5	53	39.5	28	22

In the readjustment the carriers proposed, in the first place, to divide C. F. A. Territory into three separate sections or zones and to use three separate scales of rates:

EXTRACTS FROM THE C. F. A. CLASS SCALE CASE 45. I. C. C. 254

The principal zone embraces all the territory on and south of the line of the Michigan Central Railroad from Chicago to Detroit, through Kalamazoo and Jackson, Mich., and is designated as "Zone A."

Zone B lies immediately north of Zone A and is bounded on the north by a line running from Muskegon, on the east bank of Lake Michigan, eastwardly across the state through Greenville, Edmore, Alma, Saginaw, Midland, Bay City, and Sandusky, Mich., to Lake Huron.

Zone C lies directly north of Zone B and includes the remainder of the southern peninsula of Michigan. Zone C also embraces, via car-ferry route, the west banks, Lake Michigan ports north of Milwaukee, Wis., namely, Sheboygan, Manitowoc, Kewaunee, Green Bay, Two Rivers, and Marinette, Wis., and Menominee and Manistique, Mich. This is by virtue of the fact that such traffic moves through that part of Michigan which is in Zone C and via the ports of Ludington and Frankfort. (Our members will do well to indicate these zones on Map 2 of their *Atlas of Railway Traffic Maps.*)

In formulating the scale applicable within Zone A up to and including a distance of 25 miles, the scale proposed was divided into 5-mile blocks. Beyond that, to and including 55 miles, it was divided into 10-mile blocks. Thence, up to and including a distance of 100 miles, 15-mile blocks. For distances of over 100 miles to and including 200 miles, it was divided into 20-mile blocks, while for greater distances, 25-mile blocks were used. The mileage blocks in the proposed scale were larger than in the existing scale, but that was offset to some extent, at least, by the fact that in the proposed scale the rates generally change with every block, while in the existing scale, they are often the same for two or more blocks. The scale was mainly for use in connection with distances which do not exceed 475 miles, the Chicago western termini distance.

For reasons not disclosed in the record, the carriers did not feel free to make substantial increases in the fifth- and sixth-class rates. Therefore, in constructing the scale, they began with the sixth-class rate as a basis so that they would be better able to keep control of the figures for the lower classes and to avoid heavy increases and severe disturbances. They started with 3 cents per 100 pounds as a reasonable sixth-class rate for

5 miles and less. That had been the sixth-class rate prior to the 5 per cent increase made in 1914. To arrive at the sixth-class rate for distances greater than 5 miles, one-half cent was added for each successive mileage block. If 2.5 cents instead of 3 cents had been taken as the sixth-class base rate for 5 miles, a progression of one-half cent for each mileage block would have brought about radical reductions in the present rates for the greater distances. While if 3.5 cents had been used, the increases for the greater distances would have been more than the carriers were inclined to propose. The first-class rate for 5 miles was fixed at 11 cents, as that seemed reasonable compared with first-class rates of 11.6 cents in Michigan, 10.5 cents in Illinois, for one-line hauls, 10 cents in New England, Zone A, and 12 cents in New England, Zone B.

Following what appeared to be the prevailing practice, the second-class rate was made 85 per cent of the first-class rate, or 9.5 cents. The third-class rate, largely as a matter of compromise, was fixed at 7 cents, or .4 cents less than the present C. F. A. scale. Temporarily skipping fourth class, the fifth-class rate was arbitrarily made 4 cents, which was the rate prior to the 5 per cent increase and which happened to be 130 per cent of the sixth-class rate. The fourth-class rate was then made 165 per cent of the sixth class, or 5 cents, which was one cent less than that in the C. F. A. scale prior to the 5 per cent increase. The rates for 5 miles were then seen to be related to the sixth-class rate according to the following per cent.

Classes	1	2	3	4	5	6
Per cent of Sixth Class	375	315	240	165	130	100

Having arrived at the sixth-class rate for all distances in accordance with the foregoing rule of progression, the rates for higher classes in each mileage block beyond the first block, to and including the 200-mile blocks, were uniformly based on the above percentages of the sixth-class rates. If the above percentages had been used for distances of "475 and over 450 miles," the resulting rates, when applied between Buffalo and Chicago, would not have cleared the existing rates between Rochester, N. Y., and Chicago. For instance, the first-class rates between Buffalo and Chicago would have been 60 cents, whereas the existing first-class rate from Chicago to Rochester is 58.3 cents, and from Rochester to Chicago, 55.2 cents. In order to avoid this difficulty, the percentage relation observed in the scale for all distances over 450 miles was as follows:

Classes	1	2	3	4	5	6
Per cent of Sixth Class	320	272	216	146	120	100

This arrangement resulted in the first-class rate of 51 cents for the distance between Chicago and Buffalo, and prevented a violation of the long-and-short-haul rule. For distances over 200 miles to and including 450 miles, no definite percentage relations to sixth-class rates were observed, but the spread in the rates between the 200 and the 450-mile blocks was distributed ratably over the intervening blocks.

The Zone-B scale was made one-half cent higher on sixth-class than the Zone-A scale, and the Zone-C scale one cent higher on sixth class than the Zone-B scale. The rates on the higher classes in both of these scales are based upon the sixth-class rate substantially as in the Zone-A scale. Upon the whole, the Zone-B scale is probably about 5 per cent higher than the Zone-A scale and the Zone-C scale about 8 per cent higher than the Zone-B scale.

It should be understood that these scales are not published in tariffs but are merely the basis used in constructing the published rates. The carriers did not undertake to compute distances between all points in C. F. A. Territory for use in applying this scale. That, it was said, would have been an enormous task, and, from a practical standpoint, not worth the time and expense required to perform it. The distances that were computed totaled about 400,000 in number and required the work of a large clerical force for several months. Distances were computed between all points on the same road and between a large number of so-called "basing points" on different roads. The basing points comprise most of the common or junction points in C. F. A. Territory and a number of local points including all branch-line termini.

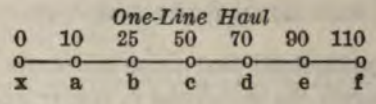
In computing the distances, the shortest workable route in each case was ordinarily used, and the distances thus obtained were employed in arriving at rates for the longer routes between the same points. However, in some cases certain other considerations which were deemed to be controlling prompted the use of routes other than the short routes as bases for computing the distances. For instance, if the short route involved a two-line haul, it was not used if either of the lines composing it had a longer but reasonably direct route of its own between the points.

Having discussed the proposed scales and the methods of arriving at distances, it is now in order to see how the two were used in determining the actual rates between given points.

For one-line hauls of distances up to and including 70 miles, the scale was strictly applied, that is, in accordance with the actual distance, but actual distance is not applied via one-line hauls more than 70 miles or for hauls of any length over two or more lines except between basing points. In the two latter cases the rates between the various basing points are arrived at by applying the scale in accordance with the actual distance, and the rate to or from any intermediate point is the same as the rate to or from the basing point next beyond, no matter how far beyond.

The application of the scale can possibly be better understood from a diagram shown below and from the explanation which follows:

One-Line Haul



x is a point of origin.

The figures above the horizontal line denote the distances in miles from x.

a, b, c, and d are local points of destination, within 70 miles of x. To these points of destination the scale is strictly applied.

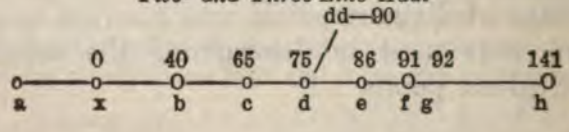
f is a junction point with a connecting line, which may be 110 miles from x. It is a basing point, and under the carriers' rule of application it is the first point beyond d to which a rate is published in accordance with the scale and distance.

e is a local point between d and f, which under the carriers' rule takes the same rate as f, namely, the rate for "120 and over 100" miles. If the scale were applied in accordance with the distance, e would be given the rate for "100 and over 85" miles. This situation represents what the carriers call an "inflation."

Except as to cases where it would interfere with group and basing-point rates, the carriers have agreed to amend their tariffs and for single-line distances of over 70 miles not to apply the f rate to e if it results in charging e with more than is provided by the scale for that distance.

A diagram illustrating the situation on a two- or three-line haul appears below:

Two- and Three-Line Haul



x is a point of origin.

The figures above the horizontal line denote distances in miles from x.

b, f, and h are basing points at junction with connecting lines.

d and dd are local basing points on the line of the second carrier and distant 75 miles and 90 miles respectively from x. dd is also the terminus of a branch line. These are the first points beyond b, to which, under the carriers' rule of application, a rate is published in strict accordance with the scale.

The basing points f and h are, respectively, 91 miles and 141 miles from x, and are the only points beyond d to which, under the carriers' rule of application, the scale is strictly applied.

c, e, and g are representative local points between basing points and distant, respectively, 65, 86, and 92 miles from x. In each case they take the rate applicable to the basing point beyond, viz., d, f, or h, regardless of what the scale provides for their respective distances. There would be no "inflation" at c or e, but there would be at some points between b and c, and at some points between d and e, because the distances exceed one mileage block. There would also be "inflations" at some points between f and h. It will be observed that the distance between f and h is 50 miles and that g, but one mile beyond f, is charged the rate applicable to h, which is that for "160 and over 140" miles. If the scale were strictly applied, there would be three breaks in the rates at points between f and h; that is, there would be rates for points "100 and over 85" miles, "120 and over 100" miles, and "140 and over 120" miles. If x, the point of origin, does not happen to be a basing point, there is a further "inflation" in each of the cases referred to, because x would take the rate applicable from a, a basing point, just as e takes the rate applicable to f; and the rate from any point between a and b to any point between b and d would be the rate from a to d.

When the rates to two near-by basing points are the same the points between them take the same rates as the basing points.

These rules or methods, with some modifications, were used generally in constructing the proposed rates, and, as will later appear, the group system of rate making was also employed. The rates at present in effect, and which generally have been in effect for many years, except for the 5 per cent increase made in 1914, were made in substantially the same manner. However, the "inflations" in the present rates are said by the carriers to be more numerous and more marked than they are in the proposed rates. To publish to and from every point in C. F. A. Territory rates strictly accordingly to scale and distance would necessi-

upwards of a thousand). Rates to local points are not considered at these meetings, being taken care of by the following rule:

> Rates to any point not named, but which is directly between two points to which rates are named, will be the same as the rates named to such two points, unless the rates to such two points are not the same, in which case the rate to the point involved will be that applicable to the point to which the higher rate is published.[1]

Diagram 2 has been prepared to indicate the procedure that is commonly employed. In this diagram are shown a few of the junction or common points and the short-line distance between such points. Assuming that the rate from St. Louis, Mo., were involved, representatives of the Central Freight Association lines operating from St. Louis would meet and submit data indicating the distance via each of the lines and their connections to all Central Freight Association junction and base points.

With this data before them, the representatives would determine on what scale the rates would be published to the common points and whether or not their lines would participate in the traffic, for the route via one or more of the initial lines might be so circuitous as to preclude the possibility of engaging therein.

Taking Indianapolis, Ind., as a destination, the distance is such as to warrant the application of the 250-mile scale. As this city is of considerable importance both as a consuming point and as a manufacturing center, this scale of rates would be fixed as the scale to that point, and rates to intermediate points via workable routes to Indianapolis would be established which would not exceed this scale.

The rates so established would then be observed as minimum rates as far back towards the originating point as the next common point, the distance to which war-

[1] The same rule may be observed for intermediate points of origin.

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ranted the application of a lower scale. On the line of the Vandalia Railroad, this would be at Greencastle, the distance to which is 202 miles, warranting the application of the 210-mile scale. As the point itself is of minor importance from a traffic viewpoint, it is not unlikely that the distance would be slightly inflated and the 230-mile scale applied to preserve a relative alignment of rates (avoiding abrupt increases) as compared with the Indianapolis rates and to enable the more circuitous routes to participate in the traffic.

The results of the labors of these committees are then tabulated and arranged in convenient form in what is known as a "basing book" or a "basing sheet." This issue shows all of the common points or junction points in the territory and either the specific rates to apply thereto or the names of the base points of the group rates that are to be applied.

Grouping of Points

Owing to the density of railroad mileage in this territory, the numerous intersections of the lines comprising the system have created a thousand and more of these junction points, many of which are closely situated to each other. Particularly in so far as long hauls are concerned, some of them fall within the same distance from a given point of origin.

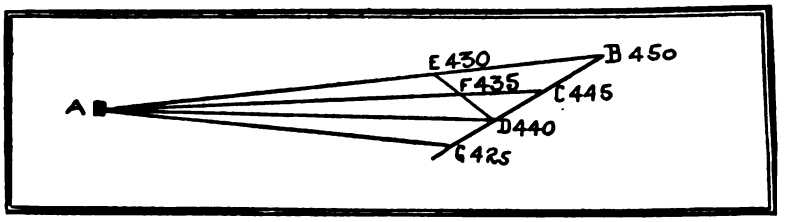

Diagram 3

In Diagram 3 the distance from A to each of the junctions indicated (except G) is in excess of 425 miles and

the application of the 450-mile scale is warranted. The committee would not, however, indicate a specific scale of rates to all of these junctions, but it would take B as the base point and show the 450-mile scale opposite it in the table of base rates.

From St. Louis, Mo., to	Miles	Rates in Cents per 100 Pounds					
		Classes					
		1	2	3	4	5	6
B	450	61	52	41	30.5	21.5	17
G	425	60	51	40	30	21	17

In the body of the basing book the application of these rates to the other junctions would be provided for as follows:

To	Rate Basis
B	B
C	B
D	B
E	B
F	B
G	G

For the purpose of further illustrating the rate-making method employed in this territory, we will assume that it is desired to construct a rate from Cincinnati, Ohio, to stations on the line of the Cincinnati, Hamilton & Dayton Railway. Accordingly, in Diagram 4, we have indicated the more important junction points upon this line and the distance that they are removed from Cincinnati via this route. In cases where this route is not the short line, the short line has been indicated together with the distance via such route.

The first junction point north of Cincinnati shown in this figure is Hamilton, Ohio. Consequently, the representatives of the Cincinnati, Hamilton & Dayton Railway and the Pittsburgh, Cincinnati, Chicago & St. Louis Rail-

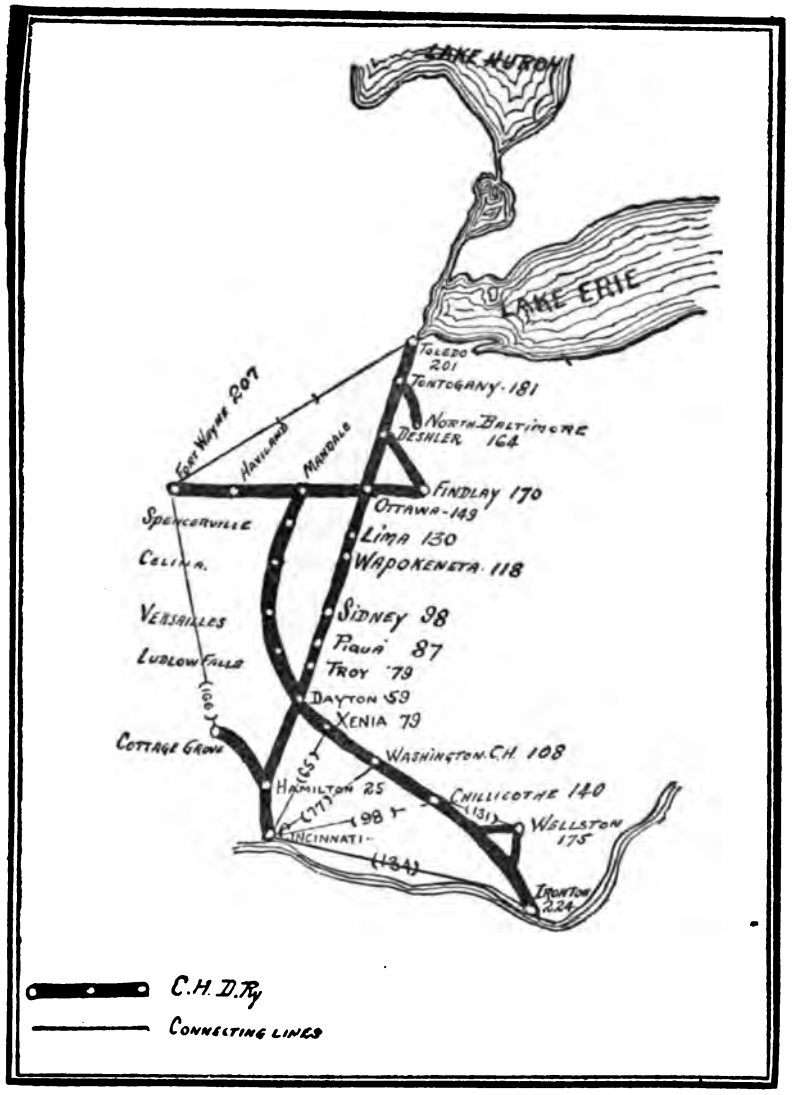

DIAGRAM 4

way, in preparing their minimum-rate sheets, would hold this point on the Central Freight Association 25-mile scale and intermediate points, that is, those between

Cincinnati and Hamilton, would be accorded their respective distance rates not to exceed the rate to Hamilton, to observe the long-and-short-haul clause of the Act.

For example, the representative distance from Cincinnati, Ohio, to stations intermediate to Hamilton, Ohio, via the Cincinnati, Hamilton & Dayton Railway, are as follows:

Miles	Stations	Miles	Stations
2.6	Brighton, Ohio	11.8	Wyoming
3.4	Fairmount	12.8	Park Place
5.5	Cumminsville	13.6	Woodlawn
6.6	Winton Place	15.0	Glendale
7.6	Ivorydale	17.1	Crestvue
8.5	Elmwood Place	18.6	Muhlhauser
9.4	Carthage	19.2	Stockton
10.6	Hartwell	22.8	Schencks
11.2	Maplewood	24.0	Lindenwald

The rates to these stations would be published on approximately the following figures:

From Cincinnati, Ohio, to	Rates in Cents per 100 Pounds — Classes 1	2	3	4	5	6
Brighton, O. Fairmount	18.5	15.5	12.5	9.5	6.5	5
Cumminsville, O. Winton Place Ivorydale Elmwood Place Carthage	19.5	16.5	13	10	7	5.5
Hartwell Maplewood Wyoming Park Place Woodlawn Glendale	20.5	17.5	13.5	10.5	7	5.5
Crestvue Mulhauser Stockton	22	18.5	14.5	11	7.5	6
Schencks Lindenwald Hamilton	23	19.5	15.5	11.5	8	6.5

It should be understood as concerns the scaling of rates to local stations that one company does not permit another company to employ the same practice in so far as its local stations are concerned. In other words, a

joint rate from some point near Cincinnati on one of its connections to Mulhauser, for example, would be made not by applying the Central Freight Association scale for the continuous distance but by applying the authorized common-point basis; that is, we will say the Aurora (Ind.)-Hamilton (Ohio) basis, which we will assume is on a 50-mile scale and upon which would be made the rates from any point on the connection between Cincinnati and Aurora to any point on the Cincinnati, Hamilton & Dayton Railway between Cincinnati and Hamilton regardless of how much less the distance might be.

Again, particularly as concerns very short joint hauls, rates are made on full combinations, that is on local rates for the respective distances, owing to the fact that a mileage prorate of the junction point to junction-point rates does not yield a sufficient sum to cover the cost of handling.

By such means, each road is able to keep its local territory inviolate and to maintain a lower scale of rates, up to certain distances, than can competitors from the same points.

There are many instances such as was illustrated in a preceding chapter where lines are forced to forego and waive traffic between given points. The map of the Cincinnati, Hamilton & Dayton Railway indicates a number of points on the main line from Cincinnati to Toledo, and also several junction points on the Delphos division, from Dayton to Manndale, inclusive. Sidney and Versailles, for example, are on the Cleveland, Cincinnati, Chicago & St. Louis Railway, by way of which line the points are 18 miles apart, while by the Cincinnati, Hamilton & Dayton Railway, by way of Dayton, the route is 79 miles in length, while by way of Ottawa and East Manndale, it is even greater and consequently, the Cin-

cinnati, Hamilton & Dayton Railway does not attempt to meet the short-line rates at these points.

The next common point beyond Hamilton is Dayton, Ohio, and the route of the Cincinnati, Hamilton & Dayton Railway makes the short-line distance of 59 miles. Consequently, the 60-mile scale is applied under the rule that where the exact distance is not shown, the scale for the next higher distance is used. The rate to Dayton so established, as in the case of Hamilton, makes a maximum which may not be exceeded to intermediate points, and which must be observed by all Cincinnati-Dayton lines that desire to participate in the traffic.

As far as the main line of the Cincinnati, Hamilton & Dayton Railway is concerned, the same procedure is followed up to, and including, Toledo, Ohio, with the exception that at the more distant points, such as Tontogany, Deshler, Ottawa, and Lima, the actual mileage may be slightly inflated or increased. Thus, for example, while Tontogany would be entitled to a 190-mile scale under a strict application of the short-line mileage rule, the absence of direct-line competition from Cincinnati would enable the Cincinnati, Hamilton & Dayton Railway to hold this point upon the same basis as Toledo (210 miles).[2] Then, again, while Deshler apparently should receive the benefit of the 170-mile scale, the distance could be inflated from 20 to 30 miles, resulting in the application of the 190-mile or 200-mile scale, as the officials or representatives of this line may elect, for the same reasons as those advanced in the case of Tontogany.

This practice is absolutely essential, for if it were not and if, on the other hand, the actual distance were applied in each case and the long-and-short-haul clause strictly observed, an endless process of tearing down the rate structure would be brought about, resulting in a very

[2] As there is no scale of rates for 201 miles, the distance shown on the map, rates for 210 miles would be applied.

low scale of rates, and many carriers would be compelled to forego traffic which in many cases, although yielding a low rate, contributes in no small measure to their revenues.

To appreciate competitive conditions, it may be seen from Diagram 4 that the distance to Ironton, Ohio, via the Cincinnati, Hamilton & Dayton Railway is 224 miles as contrasted with 134 miles via the Norfolk and Western Railway, which is the direct line. Consequently, the absence of direct-line competition, in so far as the Norfolk and Western Railway is concerned, enables it to hold a rate on a somewhat higher basis than would ordinarily obtain (approximately the 180-mile scale). This permits the circuitous route (the Cincinnati, Hamilton & Dayton Railway) to make its rate much higher than would be required were the Norfolk and Western Railway to observe the actual distance.

At Xenia, Ohio, may be seen a situation that frequently arises. It will be observed from the route of the Pittsburgh, Cincinnati, Chicago & St. Louis Railway that the actual distance is 65 miles (indicated by the light line) as contrasted with 79 miles via the Cincinnati, Hamilton & Dayton Railway. On the route of the former line, however, Xenia is intermediate to Dayton. As Dayton is of infinitely more importance so far as traffic is concerned, the Pittsburgh, Cincinnati, Chicago & St. Louis Railways shrinks or decreases the rate that would obtain under the actual distance at Xenia and observes the 60-mile scale that the Cincinnati, Hamilton & Dayton Railway publishes to Dayton. Consequently, as the Pittsburgh, Cincinnati, Chicago & St. Louis Railway is competing with the Cincinnati, Hamilton & Dayton Railway for Dayton business, the latter road retaliates by meeting the 60-mile scale via Dayton to Xenia. Similarly, the short line between Cincinnati and Washington Court

House or Chillicothe is the Baltimore & Ohio Southwestern Railway. At Washington Court House, it makes the rates on the 80-mile Central Freight Association scale, while at Chillicothe the rates are held on practically the actual distance or the 100-mile scale. In both instances the Cincinnati, Hamilton & Dayton Railway meets these figures.

CHAPTER III

RATES WITHIN CENTRAL FREIGHT ASSOCIATION—Continued

Equalization of Competition

In Table 3 are shown only the regular scales where the mileage is indicated. There are tariffs, however, that have from two to three hundred modifications of this scale, either increasing or decreasing the rates on one or more of the various classes. These scales are known as "split scales," a better term, perhaps, being "compromise scales," and are the result of an attempt to equalize the competition of localities, of carriers, or of commodities. The following example illustrates this:

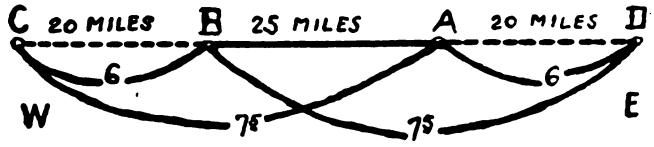

Diagram 5

Let A and B represent small localities at which brick kilns are located, these points being 25 miles apart. Assume, then, that the brick moves under the sixth-class rate and that the directions of the movement are eastbound and westbound according to Diagram 5. On westbound traffic to C, which is 20 miles from the kiln located at B, B would have an advantage of 1.5 cents per 100 pounds over A, while on eastbound traffic to D the reverse would be the case. Further assuming that the industry at B is served by two lines, thus opening up to it a much larger territory than is given to A, and presuming that the territory east of A is well supplied

with brick, the field of the manufacturer operating at A must be confined to the west, where he must compete with the manufacturer at B. To do so on an equitable basis, it follows that he cannot concede his rival an advantage of 1.5 cents per 100 pounds, or 30 cents per ton. Accordingly, he seeks out the traffic manager of the road upon which he may be located and presents the facts to him.

Aside from the brick kiln at A, there is little or no traffic involved. As it is to the interest of the traffic manager to foster and develop to the fullest extent the industries on the lines that he represents, a compromise scale may be decided upon by a reduction of the sixth-class rate to the same figure as that applied from B, maintaining the other classes on the normal basis. This policy, while enabling the brick manufacturers to compete on equal terms, does not disturb the rates on ordinary merchandise traffic, because the rates for the higher classes are not depressed but are maintained upon the required mileage basis. For example:

Classes	1	2	3	4	5	6
B to C (20 mi.)	22	18.5	14.5	11	7.5	6
A to C (45 mi.)	27.5	23.5	18.5	14	9.5	7.5

What is true in this case is true in the case of any other commodity, locality, or carrier. Consequently, the practice has resulted in the depression of various class rates. This accounts for the modifications of the regular Central Freight Association scale which may be encountered from time to time. It may be the second-class rate in one case, the third-class rate in another, or the sixth-class rate, as in the illustration. The general practice, however, is to establish specific commodity rates and not disturb the class-rate adjustment.

To branch-line points especially, rates are generally made on an arbitrary basis, that is, by the addition of

certain figures to a rate to a base point. For instance, the rates to French Lick Springs, Ind., from all points in Central Freight Association Territory, are made certain arbitraries over the rates that may be established under the Central Freight Association scale from the same point of origin to Orleans, Ind., and this procedure also adds to the number of scales required.

Again, in so far as the interstate movement between Indiana and Illinois, or between Indiana and Michigan, or Ohio and Michigan is concerned, the scales established by the commissions of those states, being materially lower than the Central Freight Association scale so far as short distances are concerned, disrupt the application of the Central Freight Association scale and occasion the establishment of many of the split scales, that is, scales that are different from those that would apply for the same distance if the normal Central Freight Association rates were used. To illustrate this, Diagram 6 has been prepared.

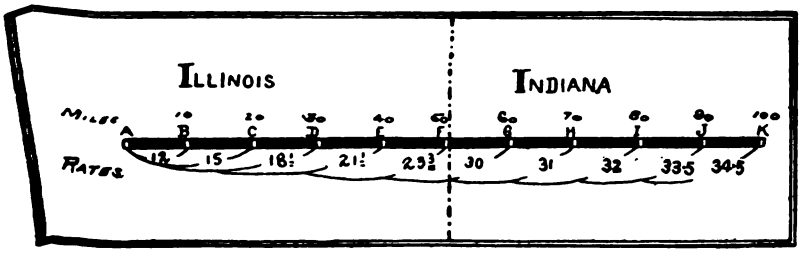

DIAGRAM 6

Stations A to F, inclusive, are assumed to be in Illinois, while the remaining stations are in Indiana. The stations in each instance are 10 miles apart. Now, assuming the movement to be eastbound, the rates to and including F would be made in conformity with the Illinois distance scale, resulting in a first-class rate from A to F of 23.3 cents per 100 pounds. The rate to G, the movement being

interstate, would be made subject to the regular Central Freight Association scale. The rate for the 60-mile distance, as encountered in this illustration, would be 30 cents, which is considerably more than the rate for the shorter intrastate movement under the Illinois adjustment. Indeed, a rate approximating the intrastate rate would not be attained until J is reached, the rate thereto for a distance of 90 miles on the Central Freight Association scale being 33.5 cents.

As a result, the carriers adjust the rates to stations G to I so as to avoid any abrupt or seemingly unwarranted differences. Particularly will this be found true of carriers operating to or from Illinois through such junctions as Vincennes, Terre Haute, and Indianapolis, Ind., and Danville, Ill.

The practice of the carriers in this regard nullifies, to a considerable extent, the effect of the lower Illinois scale and enables jobbing centers located outside the state to compete on more even terms for the trade of points within the state with jobbing centers located within. From the foregoing, it will readily be seen that the C. F. A. jobber would be greatly handicapped by the low Illinois rates.

Class Divisions of the Central Freight Association Scale

Prior to the adoption of the Official Classification in 1887, the scale of rates, in so far as the class divisions were concerned, varied considerably from time to time, owing to the multitude of individual classifications that were employed by the carriers. The rates from Chicago to New York ranged from four classes in 1871 to twelve classes in 1885, the present scale of six classes being adopted on April 1, 1887, when Official Classification No. 1 made its appearance.

Six was a very limited number of classes to which to assign the many and varied articles of commerce. Consequently, it was not long before additional classes were made necessary.

As the tariffs naming class rates had all been reissued to conform to the scale adopted by the Official Classification Committee, to increase the number of the class divisions specifically would have resulted in the reissuance of all of the tariffs that had been issued under the six-class scale division, entailing a large amount of labor and involving a great expense. Consequently, the plan was adopted of making the new classes certain percentages less than the existing classes and incorporating in the classification a table indicating the standard class and the class that would be made under the application of the percentage adjustment.

The first classes of this character were designated as "Rules 25 and 26" of the Official Classification, they being shown as "Rules" in the classification; the former providing for an application of a rating 15 per cent less than the second-class rate and the latter providing for a rating 20 per cent less than the third-class rate, observing third-class and fourth-class rates as minimum rates for the respective classes.[1]

The most recent addition to these classes, so far as the classification is concerned, is the Rule-28 rating, which is set forth in Table 4. This rating, however, is not made on a fixed percentage, as is the case with Rules 25 and 26, but is contingent upon 35 per cent of the difference between the third-class and fourth-class ratings. If, for example, the third-class rate were 30 cents and the fourth-class rate were 25 cents, the difference would be 5 cents per 100 pounds. In such a case 1.8 cents would be added to the fourth-class rate, making the Rule-28 rating 26.8 or 27 cents in accordance with the rule on page 112.

[1] Explained in the treatise on *Freight Classification*.

TABLE 4[1]

Rule 28. Articles classified subject to this Rule will be rated at fourth-class rates plus the amounts shown in the following Table of Rates, unless otherwise provided in the Tariffs of individual carriers.

TABLE OF RATES TO BE USED IN CONNECTION WITH RULE 28.

When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)	When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)	When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)	When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)	When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)	When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)	When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)	When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)	When the Difference between the 3d and 4th Class Rate is (Cents)	The Amount to be Added to the 4th Class Rate will be (Cents)
.5	.2	4.2	1.5	7.9	2.8	11.6	4.1	15.3	5.4	19.0	6.7	22.7	7.9	26.4	9.[illegible]
.6	.2	4.3	1.5	8.0	2.8	11.7	4.1	15.4	5.4	19.1	6.7	22.8	8.0	26.5	9.[illegible]
.7	.2	4.4	1.5	8.1	2.8	11.8	4.1	15.5	5.4	19.2	6.7	22.9	8.0	26.6	9.[illegible]
.8	.3	4.5	1.6	8.2	2.9	11.9	4.2	15.6	5.5	19.3	6.8	23.0	8.1	26.7	9.[illegible]
.9	.3	4.6	1.6	8.3	2.9	12.0	4.2	15.7	5.5	19.4	6.8	23.1	8.1	26.8	9.[illegible]
1.0	.4	4.7	1.6	8.4	2.9	12.1	4.2	15.8	5.5	19.5	6.8	23.2	8.1	26.9	9.[illegible]
1.1	.4	4.8	1.7	8.5	3.0	12.2	4.3	15.9	5.6	19.6	6.9	23.3	8.2	27.0	9.[illegible]
1.2	.4	4.9	1.7	8.6	3.0	12.3	4.3	16.0	5.6	19.7	6.9	23.4	8.2	27.1	9.5
1.3	.5	5.0	1.8	8.7	3.0	12.4	4.3	16.1	5.6	19.8	6.9	23.5	8.2	27.2	9.5
1.4	.5	5.1	1.8	8.8	3.1	12.5	4.4	16.2	5.7	19.9	7.0	23.6	8.3	27.3	9.6
1.5	.5	5.2	1.8	8.9	3.1	12.6	4.4	16.3	5.7	20.0	7.0	23.7	8.3	27.4	9.6
1.6	.6	5.3	1.9	9.0	3.2	12.7	4.4	16.4	5.7	20.1	7.0	23.8	8.3	27.5	9.6
1.7	.6	5.4	1.9	9.1	3.2	12.8	4.5	16.5	5.8	20.2	7.1	23.9	8.4	27.6	9.7
1.8	.6	5.5	1.9	9.2	3.2	12.9	4.5	16.6	5.8	20.3	7.1	24.0	8.4	27.7	9.7
1.9	.7	5.6	2.0	9.3	3.3	13.0	4.6	16.7	5.8	20.4	7.1	24.1	8.4	27.8	9.7
2.0	.7	5.7	2.0	9.4	3.3	13.1	4.6	16.8	5.9	20.5	7.2	24.2	8.5	27.9	9.8
2.1	.7	5.8	2.0	9.5	3.3	13.2	4.6	16.9	5.9	20.6	7.2	24.3	8.5	28.0	9.8
2.2	.8	5.9	2.1	9.6	3.4	13.3	4.7	17.0	6.0	20.7	7.2	24.4	8.5	28.1	9.8
2.3	.8	6.0	2.1	9.7	3.4	13.4	4.7	17.1	6.0	20.8	7.3	24.5	8.6	28.2	9.9
2.4	.8	6.1	2.1	9.8	3.4	13.5	4.7	17.2	6.0	20.9	7.3	24.6	8.6	28.3	9.9
2.5	.9	6.2	2.2	9.9	3.5	13.6	4.8	17.3	6.1	21.0	7.4	24.7	8.6	28.4	9.9
2.6	.9	6.3	2.2	10.0	3.5	13.7	4.8	17.4	6.1	21.1	7.4	24.8	8.7	28.5	10.0
2.7	.9	6.4	2.2	10.1	3.5	13.8	4.8	17.5	6.1	21.2	7.4	24.9	8.7	28.6	10.0
2.8	1.0	6.5	2.3	10.2	3.6	13.9	4.9	17.6	6.2	21.3	7.5	25.0	8.8	28.7	10.0
2.9	1.0	6.6	2.3	10.3	3.6	14.0	4.9	17.7	6.2	21.4	7.5	25.1	8.8	28.8	10.1
3.0	1.1	6.7	2.3	10.4	3.6	14.1	4.9	17.8	6.2	21.5	7.5	25.2	8.8	28.9	10.1
3.1	1.1	6.8	2.4	10.5	3.7	14.2	5.0	17.9	6.3	21.6	7.6	25.3	8.9	29.0	10.2
3.2	1.1	6.9	2.4	10.6	3.7	14.3	5.0	18.0	6.3	21.7	7.6	25.4	8.9	29.1	10.2
3.3	1.2	7.0	2.5	10.7	3.7	14.4	5.0	18.1	6.3	21.8	7.6	25.5	8.9	29.2	10.2
3.4	1.2	7.1	2.5	10.8	3.8	14.5	5.1	18.2	6.4	21.9	7.7	25.6	9.0	29.3	10.3
3.5	1.2	7.2	2.5	10.9	3.8	14.6	5.1	18.3	6.4	22.0	7.7	25.7	9.0	29.4	10.3
3.6	1.3	7.3	2.6	11.0	3.9	14.7	5.1	18.4	6.4	22.1	7.7	25.8	9.0	29.5	10.3
3.7	1.3	7.4	2.6	11.1	3.9	14.8	5.2	18.5	6.5	22.2	7.8	25.9	9.1	29.6	10.4
3.8	1.3	7.5	2.6	11.2	3.9	14.9	5.2	18.6	6.5	22.3	7.8	26.0	9.1	29.7	10.4
3.9	1.4	7.6	2.7	11.3	4.0	15.0	5.3	18.7	6.5	22.4	7.8	26.1	9.1	29.8	10.4
4.0	1.4	7.7	2.7	11.4	4.0	15.1	5.3	18.8	6.6	22.5	7.9	26.2	9.2	29.9	10.5
4.1	1.4	7.8	2.7	11.5	4.0	15.2	5.3	18.9	6.6	22.6	7.9	26.3	9.2	30.0	10.5

[1] This table was taken from Official Classification No. 43.

In more recent years, owing to the ever-changing demands of our internal commerce and the intensity of industrial and regional competition, there have been numerous other class divisions established. Indeed, at the present time the Central Freight Association is bend-

ing its efforts towards the elimination of specific commodity rates and towards the publication of rates based on certain percentages of existing class rates, in order to accommodate the movement of such commodities as may warrant this treatment.

This practice has been indulged in to such an extent that the Central Freight Association scale has grown from six classes to twenty-nine classes. This number includes the multiple classes, or those made certain multiples of the first-class rate, and the percentage classes, which are usually predicated on the lower divisions.

The construction of rates under this plan is peculiar to Central Freight Association Territory and is probably accounted for by the fact that the bulk of the tonnage moving in this territory is low-grade freight, and crude or raw materials. It differs materially from that moving in Trunk Line and New England Freight Association territories, as the bulk of the traffic in these territories is the manufactured or finished article, which does not require extraordinary treatment to develop and stimulate its movement. Again, the amount of eastbound tonnage greatly exceeds the westbound movement. As the volume of the traffic and the nature of the commodity are prime factors in rate-making, it is perhaps only natural that the adjustment of rates in this territory is more highly developed than that obtaining to the eastward.

TABLE 5

CLASSIFICATION OF COMMODITIES BASED ON PERCENTAGES OF REGULAR CLASS RATES

COMMODITY	RATE
Acid, muriatic and sulphuric	90 % of fifth class
Arsenic, crude, and arsenic, white, min. wt. 50,000 lbs.	83.33% of sixth class
Ash, volcanic, C. L., min. wt. 40,000 lbs	80 % of sixth class
Barytes, C. L., min. wt. 40,000 lbs	90 % of sixth class
Cake, nitre, C. L., min. wt. 40,000 lbs	85 % of sixth class
Clays and silicates, min. wt. 40,000 lbs	80 % of sixth class

TABLE 5—Continued

CLASSIFICATION OF COMMODITIES BASED ON PERCENTAGES OF REGULAR CLASS RATES

COMMODITY	RATE
Furniture, C. L., viz.: beds, folding; church furniture, N. O. S.; cupboards, wooden; desks, S. U.; furniture, new; and tables, N. O. S., min. wt. 20,000 lbs.	126 % of fourth class
Limestone, agricultural, C. L., min. wt. 50,000 lbs.	60 % of sixth class
Manure and street sweepings, C. L., min. wt. 40,000 lbs.	73.33% of sixth class
Rock, gypsum, crushed, not ground, and rock, gypsum, run-of-mine, C. L., min. wt. marked capacity of car	73.33% of sixth class
Sacks or bags, cement or plaster, empty, returned, L. C. L.	50 % of third class
Salt, C. L., in barrels, boxes, bulk, or in sacks, straight or mixed, min. wt. 37,500 lbs., when originating at points south of the Ohio River and west of St. Louis, Mo.	75 % of sixth class
Sulphur, unground, crude, originating south of the Ohio River and west of the Mississippi River, C. L., min. wt. 30,000 lbs.	65 % of sixth class

There are a great many other commodities that take the same ratings as some of those shown in Table 5, but it is not deemed advisable to incorporate them in a treatise of this character. Reference to the exceptions of the Central Freight Association will give those who so desire a further insight as to such commodities.

While, as before stated, the practice has been heretofore to issue class-rate tariffs and simply show the six classes, the Interstate Commerce Commission now requires that all classes, whether they are based on a multiple of first class or on a percentage of the regular classes, must be indicated in the tariff publications. The reason for this is obvious, inasmuch as it makes it unnecessary for the user of the tariff publication to refer to several issues or to make computations to ascertain the rate that he is seeking.

The ever-increasing development of manufacturing lines in this territory has had much to do with the expan-

sion of the original scale. To many students of uniform classification the only solution of harmonizing the class divisions of the several classifications seems to hinge upon the adjustment of rates employed in Central Freight Association Territory.

It should be understood, in connection with the minimum-rate sheets or basing books, that when the rates have once been agreed upon and established, the individual lines arrange for their publications and the rates may not be increased or decreased except by notice to the competing lines. Even under an agreement, the rates may not be advanced or lowered if they are going to affect points in the immediate vicinity.

Following the petition of the Central Freight Association carriers for an increase in freight rates in the year 1914, the Commission, in granting the petition, called attention to the many irregularities that exist in the present adjustment of Central Freight Association points, many points being "out of line" or on a higher or lower basis than is warranted by the conditions obtaining. It was suggested at this time that the carriers arrange for a recheck of the entire territory, putting each point of origin as concerned points of destination upon the proper basis and preserving its advantage of location as contrasted with other points of origin where the conditions warranted.

This, however, is no small task and it is not anticipated that it will be possible to complete the work for some time to come. Two plans have been suggested: One is to take one point of origin and check in a line of rates to all points of destination within the territory, while another plan contemplates the reverse of this by taking all points in the territory and checking in rates to one point of destination, involving in each instance a revision of the mileage employed.

Now that many of the alleged railroad abuses have

been corrected, it is not unlikely that more attention will be paid to the unification of state legislation and state-prescribed rates, rules, and regulations governing the transportation of intrastate traffic. If this is accomplished before the recheck of the territory is consummated, it is not unreasonable to anticipate that a scale of transportation charges will be established upon a much more scientific and equitable basis than obtains at the present time. The dictates of reason, however, indicate that the entire rate structure cannot be readjusted in so short a period without creating some disadvantages or eliminating some advantages which are or are not at this time possessed by individual localities.

Commodity Rates

In addition to the Central Freight Association scale of class rates, certain commodity rates have been established on a scale basis. These rates are to be used only in the absence of specific rates and as the basis of publishing tariffs between specific points, and where applied to joint hauls, it is necessary to secure the concurrence of the participating lines before rates may be established.

The following table indicates rates on a number of the commodities which are so treated:

TABLE 5A

Central Freight Association Scaled Commodity Rates in Cents per 100 Pounds

Distances \ Commodities	Drain Tile[1]	Grain & Grain Products[2]	Ice[3]	Lime[4]	Logs[5]	Sand Gravel[6]	Stone[7]	Straw[8]
5 miles or less	3	4.5	2.5	4.5	4.5	3.5	5	5.5
10 miles and over 5	4	5.5	3.5	4.5	4.5	4	5	5.5
15 " " " 10	4	6.5	3.5	5	5.5	4	5.5	5.5
20 " " " 15	4.5	7	4	5	5.5	4.5	5.5	6.5
25 " " " 20	4.5	7.5	4	6	6	4.5	6.5	7
30 " " " 25	5.5	7.5	4.5	6	6	5.5	6.5	7.5
35 " " " 30	5.5	8	4.5	6.5	6	5.5	7	8

TABLE 5A—Continued

Central Freight Association Scaled Commodity Rates in Cents per 100 Pounds

Distances \ Commodities	Drain Tile[1]	Grain & Grain Products[2]	Ice[3]	Lime	Logs[4]	Sand Gravel[5]	Stone[6]	Straw[7]
40 " " " 35	5.5	8	4.5	6.5	6	5.5	7	9
45 " " " 40	6.5	9	5.5	7	6.5	6	7.5	9
50 " " " 45	6.5	9	5.5	7	6.5	6	7.5	10
55 " " " 50	6.5	10	5.5	7	7	6	7.5	10
60 " " " 55	6.5	10	5.5	7.5	7	6	8	10
65 " " " 60	6.5	10.5	5.5	7.5	7	6	8	10.5
70 " " " 65	6.5	10.5	5.5	7.5	8	6	8	10.5
75 " " " 70	6.5	10.5	5.5	8	8	6	8.5	10.5
80 " " " 75	6.5	11.5	5.5	8	8	6	8.5	11.5
85 " " " 80	6.5	11.5	5.5	8	8.5	6	8.5	11.5
90 " " " 85	6.5	11.5	5.5	8.5	8.5	6	9	12
95 " " " 90	6.5	11.5	5.5	8.5	8.5	6	9	12
100 " " " 95	6.5	12	5.5	8.5	8.5	6	9	12
105 " " " 100	7	12	6	8.5	9	6.5	9	12
110 " " " 105	7	12	6	9.5	9	6.5	10	12
115 " " " 110	7	12	6	9.5	9	6.5	10	12
120 " " " 115	7	12	6	9.5	9	6.5	10	12
125 " " " 120	7	12	6	9.5	9	6.5	10	12.5
130 " " " 125	7	12.5	6	10	10	6.5	10.5	12.5
135 " " " 130	7	12.5	6	10	10	6.5	10.5	12.5
140 " " " 135	7.5	12.5	6.5	10	10	7	10.5	12.5
145 " " " 140	7.5	12.5	6.5	10	10	7	10.5	12.5
150 " " " 145	7.5	12.5	6.5	10.5	10	7	11	12.6
155 " " " 150	7.5	14	6.5	10.5	10.5	7	11	14
160 " " " 155	7.5	14	6.5	10.5	10.5	7	11	14
165 " " " 160	7.5	14	6.5	10.5	10.5	7	11	14
170 " " " 165	7.5	14	6.5	10.5	10.5	7	11	14
175 " " " 170	7.5	14	6.5	11	10.5	7	11.5	14
180 " " " 175	7.5	14	6.5	11	11	7	11.5	14
185 " " " 180	7.5	14	6.5	11	11	7	11.5	14.5
190 " " " 185	8	14	7.5	11	11	7.5	11.5	14.5
195 " " " 190	8	14	7.5	11	11	7.5	11.5	14.5
200 " " " 195	8	14	7.5	11.5	11	7.5	12	14.5
205 " " " 200	8	14.5	7.5	11.5	12	7.5	12	15
210 " " " 205	8	14.5	7.5	11.5	12	7.5	12	15
215 " " " 210	8	14.5	7.5	12.5	12	7.5	13	15
220 " " " 215	10	15	9	13.5	12	9	14	15
250 " " " 220	10	15	9	13.5	12	9	14	15.5
270 " " " 250	10	15	9	13.5	13	9	14	17
275 " " " 270	10	15	9	13.5	13	9	14	17

[1] Applicable on porous drain tile in carloads of 30,000 pounds minimum weight, but not applicable on shipments of vitrified pipe or tile.
[2] Minimum weight as per the Official Classification.
[3] Applicable between points in the southern peninsula of Michigan. Minimum carload weight is 40,000 pounds.
[4] Applicable on butts, handle bolts, heading bolts, logs, stave bolts,

in carloads of 40,000 pounds minimum weight, also applicable on sawdust and shavings in carloads of 35,000 pounds minimum weight.

[6] Applicable on carloads of gravel and sand (building and filling). Minimum carload weight is 50,000 pounds except where the marked capacity of the car is less, in which event the marked capacity of the car will be the minimum weight.

[6] Applicable on stone, namely, crushed, rough, (not dimension) rubble, riprap, and quarry scrap. Minimum carload weight is 40,000 pounds except where the marked capacity of the car is less, in which event the marked capacity of the car will be the minimum weight.

[7] Applicable on straw (for use of manufactures only), in carloads of 20,000 pounds minimum weight and in cars 36 feet or less in length. Rule 27 of Official Classification is to apply to cars of greater dimensions.

In the event that there is a local committee at the junction point from which it is desired to establish rates under the foregoing scale, the establishment of rates should be taken up with the chairman of the local committee in order to enable other roads to establish the same rates to the same points or to other points on their own line similarly situated.

The low rate on logs may be accounted for by reason of the fact that the carriers have in mind when these logs are dressed and milled, namely, that the products will be shipped from the mill at *lumber* rates that are somewhat higher and which will move much further distances.

CHAPTER IV

THE CHICAGO AND OHIO RIVER RATE ADJUSTMENT

In connection with the study of rates in Central Freight Association Territory, the rates between Chicago and the Ohio River Crossings are here considered, as they represent a modification of the Central Freight Association scale. These rates illustrate the fact that distance is not at all times a controlling influence in fixing the bases of rates in Central Freight Association Territory but that competitive conditions oftentimes intervene and compel a disregard of distance. This is true of the rates applied upon *local* traffic to or from the Ohio River Crossings and those applied upon traffic destined to or coming from points beyond these crossings.

A reason for the departure from the Central Freight Association scale of rates will be found in the following example: Cairo, Ill., is in Illinois Freight Committee Territory, and neither Milwaukee, Wis., nor Chicago, Ill., are in Central Freight Association Territory on traffic destined to the south or southeast through Cairo, Ill. In order to keep all gateways from Cincinnati, Ohio, to Cairo, Ill., on a parity, the officials of the Illinois lines and the Chicago and Ohio River lines (to Cincinnati and Louisville) who are also members of the Central Freight Association convene as the Chicago and Ohio River Freight Committee and legislate independently of the Central Freight Association or the Illinois Freight Committee.

The so-called Ohio River Crossings,[1] proper, are points located on the river at which there are bridges that permit the physical connection and interchange of traffic between northern and southern lines. There are, however, points where there is no bridge, and traffic is interchanged by means of ferries or car-floats (Brookport and Metropolis, Ill., and Paducah, Ky.) and crossings that simply mark the connection of the rail lines with the boat lines operating upon the river (Rockport and Madison, Ind., Shawneetown, Ill., etc.).

A distinction is made in the river crossings as to their location, that is, whether they are north-bank crossings or south-bank crossings. According to the direction of the traffic, the rates to the crossings on the opposite side of the river are sometimes made certain arbitraries (which amounts represent the bridge tolls) higher than the rates to the nearer crossings. Through the Ohio River Crossings (or Gateways, as they are sometimes called) an immense volume of traffic is interchanged annually between carriers operating in the respective territories lying north and south of the river.

Primarily, the South is an agricultural and mineral region and, until recent years, manufacturing was not engaged in to an appreciable extent. The great bulk of traffic originating in the southern states consists of cotton, fruits, vegetables, iron ore, phosphate, mica, naval stores, sugar, molasses, rice, and forest products. These natural products are exchanged for the manufactured products of the North. In so far as this country is concerned, the northern states have always been the most convenient market for the distribution of the products of the South.

To supply the South with their needs in the line of textiles, machinery, vehicles, etc., all the manufacturing

[1] See Traffic Glossary.

and producing centers of the North are pitted one against the other for this trade. As transportation costs frequently fix the purchase point, it is not surprising that the western lines have placed the adjustment of rates to the markets of the South under the supervision of a special committee known as the Chicago and Ohio River Committee. The functions of this committee are to supervise the publication of such rates as are agreed upon by the member lines and to entertain propositions from members, shippers, or consignees relative to the adjustment of rates, etc., necessary to enable them to compete on equitable terms with those more advantageously located.

As fully explained in the treatise devoted to rate construction in Southern Territory,[2] the eastern section of Official Classification Territory, usually described as "Seaboard Territory," embracing that area lying east of an imaginary line drawn from Buffalo, N. Y., through Pittsburgh, Pa., to Wheeling, W. Va., and thence to Charleston, W. Va., has a very low scale of rates to points in Southern Territory on account of the numerous available waterways and the many navigation companies that are engaged in the traffic. Consequently, if the western lines, together with their connections, did not do something to relieve this situation, it is likely that the western manufacturer would be unable to compete with competitors situated in the East. Likewise, the western carriers would suffer through diminished tonnage.

This is readily seen by assuming that two manufacturers are engaged in the same line of business, one located at some point adjacent to the seaboard, with available water transportation, and the other manufacturer located in the interior, relying solely on the rail lines. If the water lines afford the former a freight rate some 20

[2] See *Freight Rates. Southern Territory.*

or 25 cents per 100 pounds less than the rate conceded the interior manufacturer by the rail lines (assuming the cost of production in each plant to be the same), the eastern manufacturer can quote to prospective purchasers in Southern Territory a price as much less than the price quoted by his competitor as the difference in the current rates of transportation from the respective plants to destination.

For example, the rate on canned goods from Baltimore to Atlanta, Ga., via the rail and water routes might be 36 cents per 100 pounds, while from Indianapolis, Ind., to Atlanta, Ga., the local combination might be 56 cents, exceeding the eastern market rate by such an extent as to preclude the possibility of competition, but by the establishment of proportional rates each of the western roads shrinking their local rates to some extent, the greater part of this advantage may be overcome.

While, in the case of the higher grade of manufactured articles, the difference in existing charges from one territory as contrasted with another might not exert a controlling influence in the case of other traffic, particularly grain, grain products, and other food-stuffs, a difference of a cent or even less is frequently sufficient to control the market in which the purchase is made.

In addition to the through traffic, the Chicago and Ohio River Committee is also delegated by the member lines to publish the rates from and to Ohio River Crossings, to and from Chicago and related points on local traffic. As a thorough understanding of the local adjustment will materially assist in following the proportional adjustments (traffic coming from, or going beyond), it will be taken up first.

Diagram 7 has been prepared to show some of the peculiarities of this particular rate structure in so far as routes and various distances are concerned.

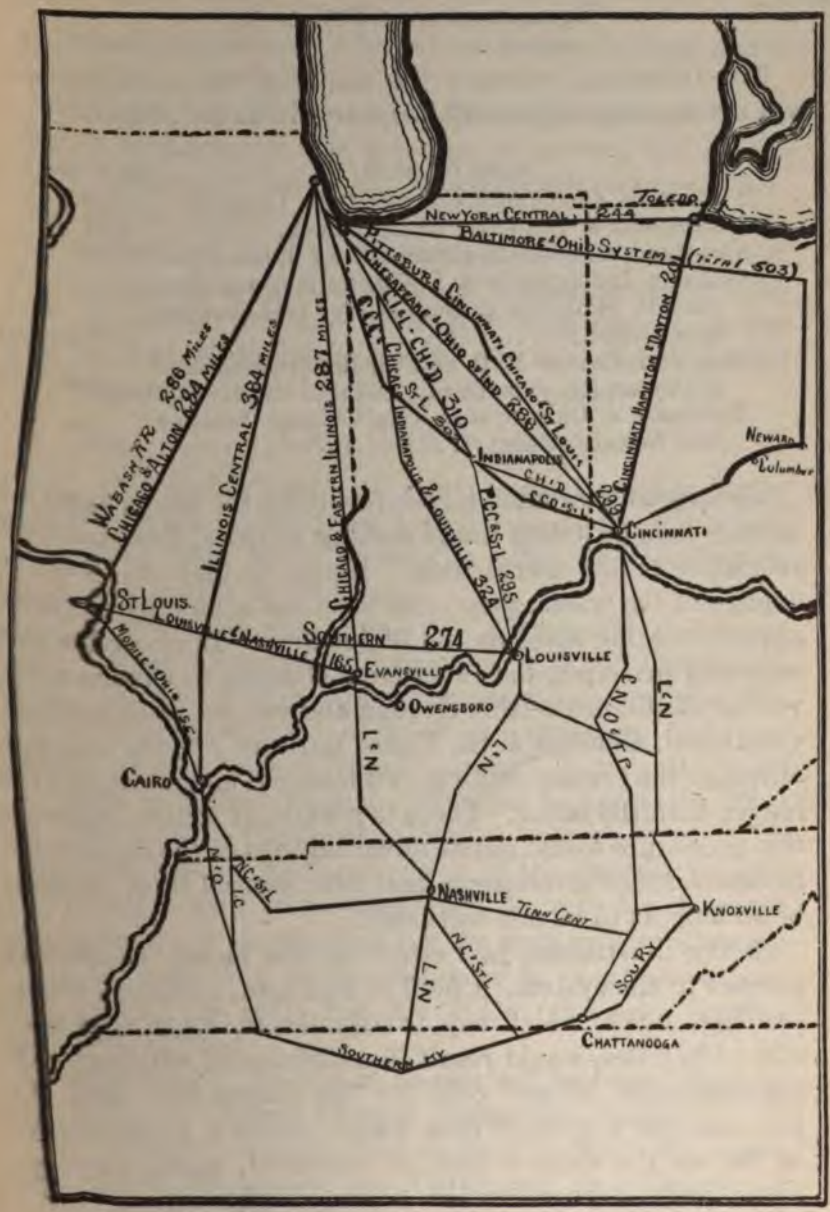
Toledo
New York Central 244
Baltimore & Ohio System (first 503)
Pittsburg Cincinnati Chicago & St Louis
Chesapeake & Ohio of Ind 288
C.I.L. Chicago Indianapolis & Louisville 324
C.H.D. 310
St L 300
Cincinnati Hamilton & Dayton 201
Wabash Ry 260 Miles
Chicago & Alton 294 Miles
Illinois Central 384 Miles
287 Miles
Chicago & Eastern Illinois
Indianapolis
C.H.D.
C.C.C.&St L 235
Newark
Columbus
Cincinnati
St Louis
Louisville & Nashville
Mobile & Ohio 166
Southern 274
Evansville
Louisville
Owensboro
L.N.
Cairo
N.C.&St L
Nashville
Tenn Cent
Knoxville
Sou Ry
Chattanooga
Southern Ry

DIAGRAM 7

Equalization of Distances

The following indicates the disparity in the distance via several routes from Chicago to Cincinnati, Ohio:

NAME OF ROAD	MILEAGE
Pittsburgh, Cincinnati, Chicago & St. Louis Ry..	299
Chesapeake & Ohio Ry. of Indiana.....	286
Cleveland, Cincinnati, Chicago & St. Louis Ry...	303
Chicago, Indianapolis & Louisville Ry. and Cincinnati, Hamilton & Dayton Ry. (via. Indianapolis, Ind.).....	310
New York Central R. R. and Cincinnati, Hamilton & Dayton Ry. (via Toledo, Ohio).....	445
Baltimore & Ohio System (via Chicago Junction and Newark, Ohio).....	503

The circuitous routes (those involving the longer haul) usually take no action in the making of rates, this matter resting with the direct lines. Hence, if they decide to engage in the traffic, they must meet the competition and apply the same rates as the direct lines. In accordance with this principle, the rates from Chicago to Cincinnati via the Baltimore & Ohio System and via the Pittsburgh, Cincinnati, Chicago & St. Louis Railway are the same, although the former route is two hundred and more miles longer than the latter. There is a limit, of course, where this procedure would not be advantageous to the carriers, in that a route involving a haul over several lines might be so long as to be non-workable.

In the illustration just cited, all the money received accrues to one system. A haul of this kind, however, over two lines, one of which, say, is 400 miles in length and the other 103 miles, would result in a division of earnings of approximately 80 per cent for the longer line and 20 per cent for the short line, which revenue, particuarly so far as the shorter line is concerned, would hardly cover actual transportation expense. Sometimes, however, the short-line demands arbitrary divisions, which

are much in excess of what would accrue to them under a "mileage prorate."

Likewise, as the feature of time has come to be an important factor in the selection of routes, the longer lines necessarily enjoy but a comparatively small portion of the traffic. Their existence, however, is greatly appreciated at times by the shipping public, particularly when, through an accumulation of traffic, the direct lines are compelled to place embargoes with respect to the traffic, that is, decline to accept any for shipment until the accumulation on hand has been disposed of.

Local Class Rates

In the establishment of local rates, the Ohio River Crossings are grouped into two divisions—the upper and the lower Ohio River Crossings. The Indiana-Illinois state line marks the division.

In arriving at the rates from Chicago to the upper Ohio River Crossings (Evansville, Ind., to Cincinnati, Ohio, inclusive) it becomes necessary to determine the short-line distance to each of the crossings involved, which, as may be seen from Diagram 7, is 287 miles from Chicago to Evansville, Ind.; 295 miles to Louisville, Ky.; and 286 miles to Cincinnati, Ohio.

As the rule for the application of the Central Freight Association scale states that when the rate for the exact distance is not shown, that for the next greater distance is to be used, and as the distances in each case exceed 275 miles, the scale for 300 miles (the next higher) would be applied.

Consequently, the higher classes will be found to be on the 300-mile Central Freight Association scale.[3]

The current rates in effect on local traffic to the upper Ohio River Crossings are reproduced, as a matter of convenience, in Table 6.

[3] See Table 3.

TABLE 6

LOCAL CLASS RATES TO THE UPPER OHIO RIVER CROSSINGS

FROM	TO	RATES[1] IN CENTS PER 100 POUNDS							
		Classes							
		1	2	3	4	5	6	R25	R26
Chicago, Ill.	Indianapolis, Ind...	45	38.5	30	22.5	16	12.5	32.5	24
	Cincinnati, Ohio.. / Evansville, Ind...	51	43.5	34	25.5	18	14.5	37	27
	Jeffersonville, Ind / New Albany, Ind..	52	44	35	26	18	14.5	37.5	28
	Louisville, Ky.....	53	45	36	27	19	15.5	38.5	29
	Owensboro, Ky....	58.5	50	39	30.5	21	17.5	42.5	31
Milwaukee, Wis.	Indianapolis, Ind..	51	43.5	34	25.5	18	14.5	37	27
	Cincinnati, Ohio[2].. / Evansville, Ind...	57	48.5	38	28.5	20	16.5	41	31
	Jeffersonville, Ind / New Albany, Ind.	58	49	39	29	20	16.5	41.5	31
	Louisville, Ky.....	59	50	40	30	21	17.5	42.5	32
	Owensboro, Ky....	64.5	55	43	33.5	23	19.5	47	34.5

[1] Governed by the Official Classification.
[2] The rates shown from Milwaukee, Wis., to Cincinnati, Ohio, apply via lake-and-rail routes in connection with the Grand Tr Railway System, Pere Marquette Railroad, and Pere Marquette Steamers. On traffic consigned through to destination from po beyond Milwaukee, the same rates as apply from Chicago apply f Milwaukee via the lake-and-rail routes.

From Table 6 it will be observed that, so far as destinations from Chicago are concerned, the north-b points are grouped as shown above where rates named to the Ohio River Crossings. The rates to Lo ville, Ky., a south-bank point, are made generally 1 c per 100 pounds higher than the rates to the north-b crossings, Jeffersonville or New Albany, Ind., this ference being the amount of the bridge toll assessed all traffic crossing the river at this point.

The establishment of rates to Owensboro, Ky., ur this adjustment is occasioned by the fact that the Lo ville, Henderson & St. Louis Railway, a south-bank operating between Evansville and Louisville, with northern connections, is in competition by way of Lo ville for traffic to Evansville, and by way of Evans

for traffic to and from Louisville. Owensboro is but a short distance from Rockport, Ind., a terminus of the Southern Railway on the north bank. Owing to the existence of active water competition, the rates to Owensboro are lower than they would naturally be were it not for these conditions. Consequently, the rates are at this time adjusted on the following scale of differentials over the rates established to Evansville, Ind.:

Classes	1	2	3	4	5	6
Differentials	7½	6½	5	5	3	3

As will be seen from Table 6, the Chicago and Ohio River Committee also publishes rates to Indianapolis, Ind. The reason for this is that the tariff-issuing agencies of the southern lines frequently establish through rates from the so-called Indianapolis group of stations to destinations in Southern Territory and by the establishment of rates to Indianapolis by the Chicago and Ohio River Committee rates may be constructed on a combination basis. Similarly, the application of the rates to the Ohio River Crossings is drawn back in some cases so far as to fix, in a great measure, the scale of rates applied to Indianapolis.

As to points of origin, it will be observed that rates are established from Milwaukee and points taking the same rates by adding specified differentials over the Chicago rates. These differentials are not based on distance. Under the original adjustment, which was in effect prior to the advance in rates in Official Classification Territory, the rates from Milwaukee were made the following differentials over the Chicago rates:

Classes	1	2	3	4	5	6
Differentials	6	5	4	3	2	2

The Chicago rates which were in effect at that time were as follows:

Classes	1	2	3	4	5	6
Rates	42	34	25	17	15	12

The current scales, however, show that, altho the rates have been increased under the advance, the differentials in effect at this time, as shown below, remain unaltered.

Classes	1	2	3	4	5	6
Differentials	6	5	4	3	2	2

These figures or differentials are very much less than the local rates that apply between Chicago and Milwaukee and are designed to equalize the competition of these respective markets in so far as this traffic is concerned.

Local Commodity Rates

The tariff publications of this committee are quite complete and, in addition to the class rates applying to the Ohio River Crossings, contain all the commodity rates authorized by the member lines of this association, thus eliminating the necessity of referring to other issues for this information.

A representative line of commodity rates, indicating the form in which they are published, appears in Table 7.

Table 7 indicates the method of establishing commodity rates under percentages of existing class rates, as mentioned in an earlier chapter.

The rates shown therein on muriatic acid, for example, are based on 90 per cent of the fifth-class rates shown in Table 6; the rates on sulphate of alumina are based on 90 per cent of the sixth-class rates; on asphaltum and asphaltum substitutes, 90 per cent of the sixth-class rates.

It will be observed that the relative differences are maintained in the commodity adjustments; that is, the rates are the same proportion higher as the class rates from or to the same points.

TABLE 7

Local Commodity Rates to Upper Ohio River Crossings

COMMODITY RATES. In carloads, except as otherwise provided for herein.	IN CENTS PER 100 LBS. (except as noted) FROM CHICAGO, ILL., and stations taking same rates. TO				FROM MILWAUKEE, WIS., and stations taking same rates. TO			
	Indianapolis, Ind.	Cincinnati, Ohio; Evansville, Ind.; Madison, Ind.; New Albany, Ind.	Louisville, Ky.	Owensboro, Ky.	Indianapolis, Ind.	Cincinnati, Ohio; Evansville, Ind.; Madison, Ind.; New Albany, Ind.	Louisville, Ky.	Owensboro, Ky.
	and points taking same rates							
Acid, Muriatic and Sulphuric, C. L., in tank cars, also Sulphuric and Nitric Acid, mixed C. L., in tank cars, minimum weight full gallonage capacity of tank	14.5	16	17	19	16	18	19	20.5
Ammonia, Sulphate of, C. L., in bags, barrels, casks, slabs or in bulk, minimum weight 40,000 lbs.	11.5	13	14	16	13	15	16	17.5
Ammoniacal Liquors, Aqua Ammonia, in tank cars, minimum weight full gallonage capacity of tank, C. L.	10.9	14.2	15.1	17.2	12.8	16.1	17	19.1
Annealing Pots, Burnt, C. L., minimum weight 20 gross tons, per gross ton	132	.....	.....	250	174	.....	.....	292
Articles of Concrete Manufacture, reinforced steel-faced, viz: Cribbing, Curbing, Piling, Poles, Posts and Sills, C. L., minimum weight 40,000 lbs.	9.5	12.6	13.6	15.6	11.6	14.7	15.7	17.7
Asphalt Rock, C. L., minimum weight 25 gross tons, unless marked capacity of car is less, in which case the marked capacity of car will govern; but in no case is the minimum weight to be less than 15 gross tons, per gross ton	.....	.....	.....	228	174	210	220	270
Asphaltum and Asphaltum Substitutes, Unclassified N. O. S. in Official Classification, in barrels, cakes, drums (iron), sacks or in tank cars, Minimum weight: in packages specified, 40,000 lbs.; in tank cars as per Official Classification	11.5	13	14	16	13	15	16	17.5
Automobile Engine or Gear Parts, N. O. S., Iron, Steel, Brass, Bronze or Copper, packed in cars, C. L., minimum weight 30,000 lbs. Note.—Applies only from stations on L. E. & W. R. R.	11.5	.....	.....	.....	.....	.....	.....	.....

Lower Crossings

As Chicago and Chicago rate points in Illinois and the lower Ohio River Crossings (Cairo, Gale, Metropolis, and Brookport, Ill.) are in the same state and as the rates are subject to the rules and regulations announced by the Public Utilities Commission of Illinois, the same procedure as previously indicated cannot be followed with respect to the rates applicable upon local traffic from or to these crossings. These rates are made in conformity with the distance scale announced by the state commission and are governed by the Illinois Classification. The rates currently in effect are as follows:

Classes	1	2	3	4	5	6	7	8	9	10
To Cairo, Ill.	46.6	38.4	30.5	23.9	19.1	18.3	16.9	14.7	11.9	10.7
To Metropolis, Ill.	47.4	39.1	31.3	24.4	19.5	18.8	17.3	15	12.2	11

In some instances, owing to the difference in classification rating, the rates from Chicago to Cairo, for example, might be much higher than the rates applicable upon the same consignment to one of the upper Ohio River Crossings.

So far as Illinois traffic is concerned, the rates are not blanketed to cover large areas of territory, as is the case in the rates to the upper Ohio River Crossings, but the respective lines scale their rates according to the actual distance from the point of origin to the point of destination.

Similarly, the commodity-rate adjustment is curtailed to a great degree, the list of commodity rates established by the Illinois lines to the lower crossings being by no means as voluminous as that established to the upper crossings.

CHAPTER V

THE CHICAGO AND OHIO RIVER ADJUSTMENT—Continued

Grouping of Points of Origin

The association having determined the measure or scale of rates to be applied from Chicago to the various crossings, it remains for the member lines of the association to indicate to what extent the application of these rates shall be extended, that is, from and to what additional points the rates are to be applied.

In Table 8 have been grouped the initial Chicago and Milwaukee lines, together with the groups of stations from which the Chicago and Milwaukee rates have been authorized to apply.

TABLE 8

Points of Origin

Chicago Rates

NAME OF RAILROAD	STATIONS
Baltimore & Ohio R. R.	Chicago, Ill., to Gary, Ind., inclusive
Baltimore & Ohio Chicago Terminal R. R.	Chicago, Ill., to Grasselli, Ind., inclusive
Belt. Ry. of Chicago	Argo to West Chicago, Ill.
Chesapeake & Ohio Ry. of Indiana	Chicago, Ill., to Griffith, Ind.
Chicago & Alton R. R.	Chicago to Argo, Ill.
Chicago & Eastern Illinois R. R.	Chicago, Ill., to Wellington, Ill.
Chicago & Erie R. R.	Chicago, Ill., to Griffith, Ind.
Chicago & Illinois Western R. R.	Gary, Hawthorne, McCook, and Willow Springs, Ill.
Chicago & North Western Ry.	Chicago to Proviso, Ill.; Maplewood to Des Plaines, Ill.; Deering to Rogers Park, Ill.; Cragin, Ill., to Greenwood St. (Chicago)
Chicago, Indianapolis & Louisville Ry.	Chicago, Ill., to Hammond, Ind.; Michigan City to South Wanatah, Ind.
Chicago, Milwaukee & Gary Ry.	Aurora to Delmar, Ill.
Chicago, Milwaukee & St. Paul Ry.	Chicago to Edgebrook, Ill.; Buena Park to Rogers Park, Ill.; Deering to Mannheim, Ill.
Chicago River & Indiana R. R.	Chicago, Ill.
Chicago, Rock Island & Pacific Ry.	Chicago to Blue Island and Morgan Park, Ill.
Chicago, Terre Haute & Southeastern Ry.	Chicago to Delmar, Ill.

TABLE 8—Continued

Points of Origin

NAME OF RAILROAD	STATIONS
Cleveland, Cincinnati, Chicago & St. Louis Ry.	Chicago to Blue Island, Ill.; Seneca to Essex, Ill.; Benton Harbor, Mich., to Goshen, Ind.
Elgin, Joliet & Eastern Ry.	Porter, Ind., to Barrington, Ill.; South Wilmington to Caton Farm, Ill.
Graham & Morton Transportation Co.	St. Joseph and Benton Harbor, Mich.
Grand Trunk Ry. System	Chicago, Ill., to Granger, Ind.
Illinois Central R. R.	Chicago to Harvey, Ill.; Cheltenham to Blue Island, Ill.
Indiana Harbor Belt R. R.	All stations
Lake Erie & Western R. R.	Michigan City to Tyner, Ind.
Michigan Central R. R.	Chicago, Ill., to Niles, Mich.; Joliet, Ill., to Benton Harbor, Mich.
Minneapolis, St. Paul & Sault Ste. Marie Ry.	Chicago to Des Plaines, Ill.
New York Central R. R.	Chicago, Ill., to Goshen, Ind.; Chicago, Ill., to Danville, Ill.; South Bend, Ind., to Howe, Ill.
New York, Chicago & St. Louis R. R.	Chicago, Ill., to Wheeler, Ind.
Pennsylvania Co.	Chicago, Ill., to Wheeler, Ind.; Bernice, Ill., to East Chicago, Ind.
Pere Marquette Ry.	Chicago, Ill., to Benton Harbor, Mich.; Thomaston, Ind., to Belfast, Ind.; Scotdale to Buchanan, Mich.
Pittsburgh, Cincinnati, Chicago & St. Louis Ry.	Chicago, Ill., to Hartsdale, Ind.
St. Joseph Steamship Co.	St. Joseph, Mich.
Vandalia R. R.	South Bend, Nutwood, Lakeville, La Paz Junction, and Harris, Ind.
Wabash Ry.	Chicago, Ill., to Lakeville, Ind.; Western Indiana Junction, Ind., to Manhattan, Ill.

Milwaukee Rates

Chicago & North Western Ry.	Evanston, Ill., to Bay View, Wis.; Milwaukee and White Fish Bay, Wis.; Blodgett, Techny, Northfield, and Niles Center, Ill.
Chicago, Milwaukee & St. Paul Ry.	Racine to Dover, Wis. Burlington to Templeton, Wis.
Chicago, Racine & Milwaukee Lines Steamers	Milwaukee, Wis.
Elgin, Joliet & Eastern Ry.	Lake Zurich to Waukegan, Ill.
Goodrich Transit Co.	Milwaukee and Racine, Wis.
Grank Trunk Ry. System	Milwaukee, Wis., via across-lake route
Hill Steamboat Line	Kenosha, Wis., and Waukegan, Ill.
Minneapolis, St. Paul & Sault Ste. Marie Ry.	Feehanville, Ill., to Milwaukee, Wis., inclusive
Pere Marquette Ry.	Milwaukee, Wis., via across-lake route

In so far as this procedure is concerned, there is a lack of uniformity. This is evidenced by the fact that the Chicago, Indiana & Southern Railroad (now part of the New York Central Railroad) extends the Chicago adjustment as far south as Danville, Ill., and from South Bend, Ind., on the east, to and including Howe, Ill. (which is near Streator), on the west. Likewise, the New York Central Railroad extends the application to and including Goshen, Ind., on the east. On the other hand, the Baltimore & Ohio System, which may be considered a competitor of the former, extends the application to Gary, Ind., which is in the switching limit of Chicago.

This does not mean, however, that the Baltimore & Ohio System does not extend the Chicago rates as far east as the New York Central Railroad, but that it has not placed the publication of the rates from all its stations included in this group under the jurisdiction of this committee, preferring to arrange for the publication of rates from additional points itself.

Grouping of Points of Destination

The same course is followed with respect to points of destination, the application of the Cincinnati rates being extended, so far as the terminal lines are concerned, to include stations at no small distance from Cincinnati or other Ohio River Crossings. The list of the groupings appears in Table 9.

TABLE 9

Points of Destination

Cincinnati Rates

NAME OF RAILROAD	STATIONS
Baltimore & Ohio Southwestern R. R.	Aurora, Ind., to Loveland, Ohio, inclusive; Butlerville to Cochrane, Ind., inclusive
Chesapeake & Ohio Ry.	Covington, Dayton, Newport, and Bellevue, Ky.

TABLE 9—Continued

Points of Destination

NAME OF RAILROAD	STATIONS
Chesapeake & Ohio Ry. of Indiana	Cincinnati, Brighton, Summit, Bridgetown, and Miami, Ohio
Cincinnati, Hamilton & Dayton Ry.	Cincinnati to Schenck, Ohio, inclusive
Cincinnati, Lebanon & Northern Ry.	Cincinnati to Lebanon, Ohio, inclusive
Cincinnati Northern R. R.	Cincinnati to Lockland and Cleves, Ohio, inclusive
Cleveland, Cincinnati, Chicago & St. Louis Ry.	Cincinnati to Lockland, Ohio, and Aurora, Ind., inclusive
Pittsburgh, Cincinnati, Chicago & St. Louis Ry.	Cincinnati to Oregonia, Ohio, inclusive
Evansville Rates	
Chicago & Eastern Illinois R. R.	Mt. Vernon and Evansville, Ind., tc but not including Vincennes, Ind.
Cleveland, Cincinnati, Chicago & St. Louis Ry.	Evansville, Ind., to but not including Mt. Carmel, Ill.
Illinois Central R. R.	Evansville to Hovey, Ind., inclusive; Riverton to Lenore, Ind., inclusive
Louisville & Nashville R. R.	Evansville and Mt. Vernon, Ind.
Louisville, Henderson & St. Louis Ry.	Evansville, Ind.
Louisville, New Albany & Corydon R. R.	Nevin and Corydon, Ind.
Southern Ry.	Evansville to Norton, Ind., inclusive; East Mt. Carmel to Parkwood, Ind., inclusive
Indianapolis Rates	
Chicago, Indianapolis & Louisville Ry.	Indianapolis, Ind.
Cincinnati, Hamilton & Dayton Ry.	Indianapolis to Roachdale, Ind.
Cleveland, Cincinnati, Chicago & St. Louis Ry.	Beech Grove, North Indianapolis, Sunnyside, West Side, and Indianapolis, Ind.
Illinois Central R. R.	Indianapolis, Ind.
Lake Erie & Western R. R.	Indianapolis to Atlanta, Ind.
Pittsburgh, Cincinnati, Chicago & St. Louis Ry.	Indianapolis, Ind.
Vandalia R. R.	Indianapolis, Ind.
Jeffersonville Rates	
Baltimore & Ohio Southwestern R. R.	Jeffersonville, Ind.
Cleveland, Cincinnati, Chicago & St. Louis Ry.	Jeffersonville, Ind.
Pittsburgh, Cincinnati, Chicago & St. Louis Ry.	Jeffersonville, Ind.
Southern Ry.	Jeffersonville, Ind.
Louisville Rates	
Baltimore & Ohio Southwestern R. R.	Louisville, Ky.
Chicago, Indianapolis & Louisville Ry.	Louisville, Ky.

TABLE 9—Continued

POINTS OF DESTINATION

NAME OF RAILROAD	STATIONS
Cleveland, Cincinnati, Chicago & St. Louis Ry.	Louisville, Ky.
Louisville, Henderson & St. Louis Ry.	Louisville, Ky.
Southern Ry.	Louisville, Ky.
New Albany Rates	
Baltimore & Ohio Southwestern R. R.	New Albany to Lovett, Ind., inclusive
Chicago, Indianapolis & Louisville Ry.	New Albany, Ind.
Southern Ry.	New Albany, Ind.
Owensboro Rates	
Louisville & Nashville R. R.	Henderson and Owensboro, Ky.
Louisville, Henderson & St. Louis Ry.	Henderson, Maceo, Owensboro, and Stanley, Ky.

The slight difference existing between the rates to the upper and the lower Ohio River Crossings, while of no particular importance in connection with local traffic, would, in many cases where competitive traffic is concerned, be sufficient to control the gateway through which the traffic is forwarded.

Diagram 7 indicates several of the through routes which might be employed in forwarding goods to Chattanooga, Tenn. The fact that the rates from the south-bank points to Chattanooga are the same, whether the traffic moves through Cairo, Ill., Louisville, Ky., or Cincinnati, Ohio, necessitates that the rates up to the crossings be the same in order that all routes may be placed on a parity in so far as transportation charges are concerned. The rates currently maintained from the several groups of origin to the Ohio River Crossings are shown in Table 10.

TABLE 10

CLASS RATES FROM NORTHERN POINTS OF ORIGIN TO OHIO RIVER CROSSINGS

FROM	TO	RATES IN CENTS PER 100 POUNDS								
		Classes								
		1	2	3	4	5	6	R25	R26	R28
Chicago, Ill.	Indianapolis, Ind..	45	38.5	30	22.5	16	12.5	32.5	24	25
	Cincinnati, Ohio.. / Evansville, Ind...	51	43.5	34	25.5	18	14.5	37	27	28.5
	Jeffersonville, Ind. / New Albany, Ind.	52	44	35	26	18	14.5	37.5	28	29
	Louisville, Ky.....	53	45	36	27	19	15.5	38.5	29	30
	Owensboro, Ky....	58.5	50	39	30.5	21	17.5	42.5	31	33.5
Peoria, Ill.	Indianapolis, Ind..	47	40	31.5	23.5	16.5	13	34	25	26.5
	Cincinnati, Ohio...	54	46	36	27	19	15	39	29	30
	Evansville, Ind....	51	43.5	34	25.5	18	14.5	37	27	28.5
	Jeffersonville, Ind. / New Albany, Ind.	54	46	36	27	19	15	39	29	30
	Louisville, Ky.....	55	47	37	28	20	16	40	30	31
	Owensboro, Ky....	58.5	50	39	30.5	21	17.5	42.5	32	33.5
Milwaukee, Wis.	Indianapolis, Ind..	51	43.5	34	25.5	18	14.5	37	27	28.5
	Cincinnati, Ohio.. / Evansville, Ind...	57	48.5	38	28.5	20	16.5	41	31	32
	Jeffersonville, Ind. / New Albany, Ind.	58	49	39	29	20	16.5	41.5	31	32.5
	Louisville, Ky.....	59	50	40	30	21	17.5	42.5	32	33.5
	Owensboro, Ky....	64.5	55	43	33.5	23	19.5	47	34.5	37
Davenport, Ia.	Indianapolis, Ind..	58.5	49.5	39.5	29.5	21	17.5	42	31.5	33
	Cincinnati, Ohio...	63	53.5	42	31.5	22.5	18.5	45.5	33.5	35.5
	Evansville, Ind....	61	53	39.5	30.5	23	19.5	45	31.5	33.5
	Jeffersonville, Ind. / New Albany, Ind.	61	53	39.5	30.5	23	19.5	45	31.5	33.5
	Louisville, Ky.....	62	54	40.5	31.5	24	20.5	46	32.5	34.5
	Owensboro, Ky....	68.5	59.5	44.5	35.5	26	22.5	50.5	36.5	38.5
Indianapolis, Ind.	Cincinnati, Ohio...	33.5	30	24	18	12.5	10	25.5	19	20
	Evansville, Ind....	42.5	36	28.5	21.5	15	12	30.5	23	24
	Jeffersonville, Ind.	35.5	30	24	18	12.5	10	25.5	19	20
	New Albany, Ind..	35.5	30	24	18	12.5	10	25.5	19	20
	Louisville, Ky.....	36.5	31	25	19	13.5	11	26.5	20	21
	Owensboro, Ky....	50	42.5	33.5	26.5	18	15	36	28.5	29

These rates apply only to the north-bank crossings. The rates to the south-bank crossings are made arbitraries or bridge tolls higher than the north-bank rates,

the rates to Louisville, Ky., generally being 1 cent per 100 pounds higher than the rates to Jeffersonville or New Albany, Ind., and the rates to Paducah, Ky., being 2 cents per 100 pounds higher than the rates to Brookport, Ill. In the case of Louisville, the figure represents the bridge toll, as previously explained, and in the case of Paducah, the cost of ferry or transfer in the interchange of traffic between north-bank and south-bank lines.

In the application of the rates under this adjustment, they are confined to the crossings proper and not applied to intermediate or interior points.

As to originating points, however, additional groups are incorporated, as may be seen from Table 10, namely, the Davenport and Peoria groups. This greatly increases the area on the north and west from which these rates are applied.

The volume of northbound classified traffic[1] is much less than that in the opposite direction. This is reflected in the fact that the northbound rates are somewhat higher than the rates in the opposite direction.

In conclusion, the foregoing indicates, to a great degree, the influence that competition of various kinds exerts upon the freight rate structures of this country.

[1] Traffic moving on class rates.

CHAPTER VI

ADJUSTMENT IN TRUNK LINE FREIGHT ASSOCIATION TERRITORY

Development

Formerly, there were many distance tables used as a basis for rates by the carriers in Trunk Line Territory. More recently, however, most of these distance tables have been published as specific rates, although the specific rates are, in most cases, identical with the old distance tables. There are a number of distance tariffs still applicable on the eastbound movement of coal within Trunk Line Territory.

Specific rates differ from distance tables in that a rate is named specifically to apply from, say, New York City to Buffalo, N. Y., irrespective of the distance, whereas in the distance table, graduated rates are indicated, as shown in the Central Freight Association, Michigan, and Illinois scales, involving the determination of the distance before the rate can be known.

The distance tables employed in this territory, contrary to those employed in Central Freight Association Territory, are by no means uniform; that is, one carrier's scale for a 5-mile or a 10-mile distance may vary considerably from that employed by another line.

A survey of this territory from the *Atlas of Railway Traffic Maps* will suffice to show that the rail carriers are exposed to a great degree to the influence of active and compelling water competition. The Hudson River

and Atlantic Ocean are on the east, and the Erie Canal and Great Lakes are on the north. The coast line is pierced by the Susquehanna, Delaware and Potomac rivers, which penerate far into the interior of the territory and afford navigable stages of water during the greater part of the year.

As an example, the rates between New York and Newburgh, Poughkeepsie, Albany, and other landings on the Hudson River will be found to be quite low. This is accounted for by the fact that the rail lines are compelled to meet the active competition of the boat lines. Add to this the highly developed competition of the numerous electric interurban lines and the fact that the motor truck has expanded considerably the limit of industrial and commercial delivery service, and the reason for the lack of uniformity in the various distance scales adopted by the individual carriers may be readily appreciated.

Representative water rates from New York, which, however, are more or less subject to fluctuation, are reproduced in Table 11 to give an idea of the low rates that obtain between the respective port cities in this territory.

TABLE 11

CLASS RATES APPLICABLE VIA WATER LINES[1] FROM NEW YORK CITY

From New York to	Rates[2] in Cents per 100 Pounds					
	Classes					
	1	2	3	4	5	6
Utica, N. Y.	17	15	14	12	11	10
Syracuse, N. Y. / Rochester, N. Y.	20	18	15	12	11	10
Buffalo, N. Y.	21	19	15	12	11	10
Cleveland, Ohio	40	35	28	19	17	15
Detroit, Mich.	41	37	29	20	17	16

[1] Via New York and Western Canal Co., Inc.
[2] Governed by the Official Classification.

As a rule, the boat lines dominate the rates to points they serve and the rail lines must determine what higher rates the rail service can command.

As many of the more important points are near each other, it is not surprising to find express companies operating horse-drawn or motor-propelled vehicles competing for the trade of these communities. Especially is this true in the case of New York, Philadelphia, and Boston. The field of their activities is limited, of course, in that they cannot move the quantities of crude articles that can be transported by rail or vessel, but in connection with package freight, they may be viewed as aggressive competitors. Particularly where the higher-class (small-package) traffic is concerned, the railroads must take this competition into account in adjusting their schedules.

Adjustment to Interior Points

The present adjustment of rates to interior points bears a general relationship to the rates applying between Chicago and New York. The rates between New York rate points and Pittsburgh-Erie rate points are made 60 per cent of the rates currently in effect between New York and Chicago. For the six classes, they are on the following scale:

Classes	1	2	3	4	5	6
Rates	54	47.5	36	25	21.5	18

Between Philadelphia rate points and Pittsburgh-Erie rate points, the rates for the six classes are arbitrarily made by the deduction of specified differentials from the rates applying from New York to the Pittsburgh-Erie group. The differentials are as follows:

Classes	1	2	3	4	5	6
Differentials	6	6	2	2	2	2

Likewise, between Baltimore rate points and Pittsburg-Erie rate points, the rates are made by deducting the fol

lowing differentials from the rates applying between New York and the Pittsburgh-Erie group:

Classes	1	2	3	4	5	6
Differentials	8	8	3	3	3	3

Table 12 sets forth the adjustment of rates applying to and from the so-called Western Termini from and to other seaports and interior base points in Trunk Line Territory.

TABLE 12

BASES FOR RATES FROM EASTERN POINTS OF ORIGIN TO OR FROM WESTERN TERMINI

Item	Rates Apply		In Cents per 100 Pounds Classes 1	2	3	4	5	6	Remarks
	Between								
1	Boston, Mass. Portland, Me. Brunswick, Me. Hartford, Conn.	Pittsburgh-Erie rate points	5	4	3	3	2½	2	Over rates from Pittsburgh or Erie to New York
		Buffalo rate points	5	5	2½	2½	2½	2	Over rates from Buffalo, N. Y., to New York
2	New York, N. Y.	Pittsburgh-Erie rate points							60 per cent of Chicago-New York rates
		Buffalo rate points	48	41.5	34	23	19.5	16	Erie-Philadelphia rates
3	Philadelphia, Pa.	Pittsburgh-Erie rate points	6	6	2	2	2	2	Under New York rates
		Buffalo rate points							Philadelphia-Erie rates
4	Baltimore, Md.	Pittsburgh-Erie rate points	8	8	3	3	3	3	Under New York rates
		Buffalo rate points							Philadelphia-Erie rates
	Eastbound								
5	Albany, N. Y.	Pittsburgh rate points							Pittsburgh-New York rates
		Erie rate points							92 per cent of Erie-New York rates

TABLE 12—Continued

Bases for Rates from Eastern Points of Origin to or fr Western Termini

Item	Rates Apply		In Cents per 100 Pounds Classes 1	2	3	4	5	6	Rem
	Westbound								
6	Albany, N. Y.	Pittsburgh-Erie rate points							Class rat as Phil Pittsbu rates; ity rat per cen York-P burgh r
	Eastbound								
7	Utica, N. Y.	Pittsburgh rate points							92 per ce Pittsbu York r
		Erie rate points							80 per ce Erie-Ne rates
	Westbound								
8	Utica, N. Y.	Pittsburgh-Erie rate points							Class rat as Phil phia-Pit rates; ity rate cent of York-Pi burgh r
	Eastbound								
9	Syracuse, N. Y.	Pittsburgh rate points							84 per ce Pittsbu New Yo
		Erie rate points							75 per ce Erie-Ne rates
	Westbound								
10	Syracuse, N. Y.	Pittsburgh-Erie rate points							Class rat as Syra Clevela rates; ity rate cent of York-Pi burgh r
	Eastbound								
11	Rochester, N. Y.	Pittsburgh rate points							72 per ce Pittsbu New Yo
		Erie rate points							62 per ce Erie-Ne rates

TABLE 12—Continued

BASES FOR RATES FROM EASTERN POINTS OF ORIGIN TO OR FROM WESTERN TERMINI

Item	Rates Apply		In Cents per 100 Pounds Classes 1	2	3	4	5	6	Remarks
	Westbound								
12	Rochester, N. Y.	Pittsburgh-Erie rate points							Same as rates from Syracuse
	Between								
	Virginia Cities	Pittsburgh rate points							Same rates as from Columbus, Ohio, to Baltimore
13		Buffalo, Dunkirk, and interior New York state points	20	17	13	9	8	6	Over Baltimore rates

The bases for the construction of rates delineated in items 1, 2, 3, 4, and 13 of Table 12 apply to both eastbound and westbound rates, whereas the bases shown in the remaining items apply only in the direction indicated.

The first item shows that the rates between the Pittsburgh-Erie group and the more important New England points are made by the addition of arbitraries to the rates which apply between the Pittsburgh-Erie group and New York. Similarly, the rates between these points and Buffalo are made by the addition of the figures indicated to the rates which apply between New York and Buffalo. For example, item 2 shows that the rates between Buffalo and New York are on a 48-cent scale. These rates are arbitrarily established on a somewhat lower basis than that which obtains between New York and the Pittsburgh-Erie group, being the Philadelphia-Erie rates. This depression in rates is ascribed to the competition between the rail lines and the water lines operating on the Erie Canal and Hudson River. The rates between Buffalo and Boston are made by adding the arbitraries indicated in

item 1 to the New York rates indicated in item 2, resulting in through rates as follows:

Classes	1	2	3	4	5	6
Rates	53	46.5	36.5	25.5	22	18

Taking the next item in the table, the rates are made in a similar manner, namely, by deducting the figures indicated from the rates that are established between the Pittsburgh-Erie group and New York. The New York rates are made 60 per cent of the Chicago-New York rates, which are as follows:

Classes	1	2	3	4	5	6
Rates	90	79	60	42	36	30

The following figures represent the rates between the Pittsburgh-Erie group and New York.

Classes	1	2	3	4	5	6
Rates	54	47.5	36	25	21.5	18

By deducting the differentials previously set forth, the following rates are arrived at, which apply between the Pittsburgh-Erie group and Philadelphia:

Classes	1	2	3	4	5	6
Rates	48	41.5	34	23	19.5	16

These rates are also applied between Buffalo and Philadelphia.

The Baltimore, Md., rates are similarly obtained, with the exception that the differentials on the first-class and second-class rates are increased 2 cents and on the lower classes 1 cent per 100 pounds, resulting in a corresponding difference in the net rates.

From Buffalo, N. Y., to Albany, Utica, Syracuse, and Rochester, N. Y., no specific adjustment is established. As the New York Central Railroad is the short line to these points they are subject to the dictates of that line as to what rates will be established. As a rule, they are made

on the mileage scale adopted for the particular division of that railroad.

The traffic from the Erie-Pittsburgh group, however, is competitive and may select several routes via which to move. Particular attention is directed to the fact that the adjustment prescribed varies according to the direction of the traffic. Consequently, care should be taken to observe whether the rates desired are those applicable on eastbound or on westbound traffic.

Taking the Albany adjustment, assume that it is desired to construct the second-class rate from Pittsburgh to Albany. The first section of the item states that the rates are the same as the Pittsburgh-New York rates. As these rates are made 60 per cent of the Chicago-New York rates, by taking 60 per cent of 79, 47.5 cents is obtained as the second-class rate from Pittsburgh to Albany. If the direction of the traffic were westbound instead of eastbound, the rate would be made the same as that from Philadelphia to Pittsburgh, namely, 41.5 cents.

The distance to Utica, N. Y., from Erie and Pittsburgh being substantially the same, the bases used in obtaining the westbound rates between these points are approximately the same as those applied in the Albany adjustment. Consequently, the illustration given there will suffice for this point as well.

The westbound adjustment of rates from Syracuse, N. Y., to the Pittsburgh-Erie rate groups is somewhat more complicated than the preceding adjustments set forth in the table in that it requires the construction of the rates to Cleveland, Ohio (a Central Freight Association point). This adjustment is discussed in a later chapter in this treatise, but for the purpose of illustrating the feature at hand, it seems well to give an illustration of it at this time. Map 3 of the *Atlas of Railway Traffic Maps* indicates that Cleveland, Ohio, is in 71 per cent territory. Consequently, the rates from New York to Cleveland,

which are the base rates for subsequent computation, must first be ascertained. This is done by taking 71 per cent of the New York-Chicago rates, resulting in the following scale.[1]

Classes	1	2	3	4	5	6
Rates	64	56	42.5	30	25.5	21.5

The rates from Syracuse to Cleveland are the following amounts less than from the New York-Cleveland rates:[2]

Classes	1	2	3	4	5	6
Differentials	18.1	15.9	13.1	9.3	7.7	6.1

the rates from Syracuse to Cleveland being as follows:

Classes	1	2	3	4	5	6
Rates	46	40	29.5	20.5	18	15.5

In some instances the carriers establish rates which vary with the direction of the movement. The business from Syracuse to Erie may be relatively unimportant and little or no traffic actually involved, whereas the eastbound movement may be heavy, and a somewhat lower rate would therefore be justified.

What has been said in connection with the Syracuse adjustment holds good in so far as the Rochester, N. Y., adjustment is concerned.

The rates between the Virginia Cities and Pittsburgh are made the same as those applying from Columbus, Ohio, (a 77 per cent point) to Baltimore, Md. The rates between Buffalo, Dunkirk, and interior New York state points are made by the addition of arbitraries to the rates between the same points and Baltimore. The through rates between Buffalo and Newport News, Va., are as follows:

Classes	1	2	3	4	5	6
Rates	66.5	58	43	29.5	24.5	20

[1] See Table 17.
[2] See Table 19.

From points located in Trunk Line Territory, other than those mentioned, the rates are made on the mileage scales of the carriers, the rates established to and from more distant points not being exceeded at intermediate points. The figures so made are observed as far as possible.

Commodity Rates

Aside from coal, lumber, and iron, there are comparatively few commodity adjustments employed within this territory as contrasted with other sections of the country. There are, however, numerous commodity rates established on traffic imported through the North Atlantic Ports, which are somewhat less than the class rates that would obtain. In the application of rates, the general rule for the use of the differentials is that when the commodity rate is the same as a class rate, the class differential applicable to that class shall be added or subtracted, as indicated; but when the commodity rate is not the same as a class rate, the differential for the next higher class is to be employed. For the purpose of illustration, suppose that a commodity rate of 40 cents is established from Buffalo to New York; as this rate is higher than the third-class rate, the second-class differential of 5 cents would be used in making the rate to Boston.

CHAPTER VII

ADJUSTMENT IN NEW ENGLAND FREIGHT ASSOCIATION TERRITORY

Traffic Characteristics

This territory, surrounded almost entirely by navigable water and comprising, as it does, the smallest rate association territory in so far as area is concerned, presents in its rate structure many of the peculiarities found in the Trunk Line adjustment that are forced on the rail carriers in order to equalize the effect of the water competition.[1]

The southern tier of states (Massachusetts, Rhode Island, and Connecticut) supports the greatest per cent of population and in it are located the greater number of the large manufacturing plants, textile mills, and other industries for which the New England group of states is noted. Two of the largest cities in the country are located therein and offer profitable markets at which to dispose of the manufactured wares.

Owing to the location of these cities, Boston on the east and New York on the west, the average length of haul on traffic between points in this territory is very much less than obtains in other sections of the country.

As illustrating the general traffic conditions that obtain in the New England States, the conclusions of the Interstate Commerce Commission, based on the investigations of that body with respect to the operation and practices of carriers in this territory, are especially illuminating and for that reason are here reproduced.

[1] See Map 3, *Atlas of Railway Traffic Maps.*

RATES OF TRANSPORTATION

For many years the railroad monopoly of New England has been more complete than in any other considerable section of this country. The Boston & Maine has almost exclusively occupied the northern portion of that section, while the New Haven has enjoyed the same exclusive privileges in the south. It is interesting to inquire how the rates of transportation, both freight and passenger, there compare with other parts of the country.

The average receipts per ton-mile upon the New Haven Railroad for the year 1911 were 1.39 cents. This is probably a higher per ton-mile average than is shown by any other large railroad system in the United States. It does not, however, follow from this that the rates under which that road operates are therefore higher.

This is well illustrated by a reference to the same figure upon the Boston & Maine. In 1900 the ton-mile receipts of that system were 1.439 cents, somewhat greater than those then or now upon the New Haven. In 1901 that figure had fallen to 1.134 cents, the reason being that, beginning July 1, 1900, the Boston & Maine began to operate and so included in its return to this Commission for that year the Fitchburg Railroad. That railroad handles a large amount of through traffic of a low grade and paying a low rate, and this tends to reduce the average rate which for that company in 1900, the year before it was absorbed by the Boston & Maine, had been 0.798. For the year 1911 the ton-mile receipts of the Boston & Maine were 1.095 cents.

While, therefore, the average ton-mile receipts of the New England railroads are probably higher than those in any other section of this country where traffic conditions are fairly comparable with New England, this figure has but slight significance as bearing upon the relative transportation charge. . . .

For the purpose of the comparison representative cities located in . . . various sections have been selected, namely, Boston, New York, Pittsburgh, Cincinnati, and Chicago. Rates from Boston are exclusively within the limits of New England; from New York they apply both into New England upon the east and into trunk line territory upon the west; from Pittsburgh we have rates into trunk line territory going east and into Central Freight Association Territory going west. Cincinnati and Chicago are exclusively in Central Freight Association Territory, save that rates have been examined from Cincinnati south into southern territory.

In addition to the principal cities above selected we have also taken certain smaller towns—in New England, Burlington,

Vt., and Concord, N. H.; in trunk line territory, Schenectady, N. Y., and Scranton, Pa.; in Central Freight Association Territory, Akron, Ohio, and Springfield, Ill.

The rates selected for purposes of comparison have been, first of all, the class rates. While in the three territories under consideration many commodity rates are in effect which are less than the class rates and which move an enormous volume of traffic and are of vital consequence to the communities served, still the preponderating movement of merchandise traffic, strictly speaking, is under the class rates or under rates which are a percentage of the class rates, so that the most comprehensive and fairest comparison probably arises upon a statement of the relative class rates.

Generalizing the results of these comparisons, without attempting to give the figures themselves, we find that class rates in Central Freight Association Territory are distinctly lower than in New England, especially on classes 5 and 6. These two classes move a very large amount of carload traffic, being the two classes which apply very generally to carload business. Class rates from New York and Boston to New England points are about the same as those from New York and Pittsburgh into trunk line territory.

Class rates from interior New England points appear to be rather higher than corresponding rates in both trunk line and Central Freight Association Territories.

We have also instituted a comparison between rates from these same points on three or four of the principal commodities.

Coal is not produced in New England, but is extensively consumed. Coal rates from the various seaports of New England to near-by interior points are uniformly high as compared with rates for similar distances in the other territories under consid-
eration. Rates to more distant interior points are not so extrav-
gant and are often low. The reason for this appears to be that
oal reaches the various ports of New England by water and
from thence distributed by rail. This water-and-rail route
mpetes with the all-rail route, and the purpose of these high
tes to near-by points is to maintain the all-rail rate.

What has been said as to coal applies to pig iron. The rail
e to the near-by point is usually extremely high, and for the
ne reason apparently.

umber is largely produced in New England, and the rates
n that commodity between points in New England compare
orably with those in trunk line and Central Freight Associa-
territories for like distances.

ates on grain are much higher in New England than in
other territories, but this is not a matter of much signi-

cance, since comparatively little grain is raised in New England which is subsequently transported by rail. The grain which New England consumes comes mainly from the west upon rates which must be considered low.

Hay is largely produced and transported in New England, and the rates upon this commodity are rather more favorable than in the other territories. Generally speaking, hay moves under the fifth-class rate, but in New England the bulk of the movement is under commodity rates, lower than this class rate.

Our examination, which has been a rather extended one, fairly indicates that freight rates between points in New England, while somewhat higher in many instances, compare favorably upon the whole with those in trunk line territory and Central Freight Association Territory. They are lower than corresponding interstate rates in other parts of the country, although not as low in some instances as the commission-made rates of several states in this outside territory. . . .

It should be noted in this connection that the cost of handling freight is greater in New England than in trunk line and Central Freight Association Territory and, indeed, in most other parts of the country.

1. The haul in New England is shorter—93 miles as against 138 miles in the United States as a whole.

2. The switching service in New England is much greater. The proportion of locomotive switching mileage to locomotive freight mileage is 59 per cent in New England, as compared with 43 per cent in the whole country.

3. The loading in New England is lighter. The average load, including both loaded and empty cars, is 10.5 tons per car in New England, as compared with 13.4 in the United States. The average load per loaded car is 14.8 tons in New England as against nearly 20 for the United States.

4. The price of coal in New England is distinctly higher. The defendants claim that had the Boston & Maine been able to own its coal upon its tenders at the same price as the Pennsylvania Railroad its operating expenses for the year 1912 would have been $2,500,000 less than they were. Without subscribing to the accuracy of this figure, it is certain that the greater expense of fuel adds materially to the cost of operation in New England as compared with most other portions of the United States.[2]

In explanation of the low rates charged by both water and rail lines, it is necessary only to call attention to the

[2] 27 I. C. C. Rep. 572-76 (1913).

fact that New England is quite a distance from the sources of supply of raw materials that are necessary to enable the mills and manufactories located in the territory to continue their operations. New England is famed for the manufacture of boots, shoes, leather goods, textiles, and machinery, but there is a very small production of live stock and in consequence the hides from which the finished product is made must be bought from other sections. The same holds good with respect to cotton, wool, and iron, from which it may be seen that the area itself produces but little of the crude or raw materials. Consequently, the bases of rates must be such, and the rates themselves so adjusted, as to make possible the assembling of raw materials at points of manufacture, such as the shoe factory, the textile mill, and the cutlery factory, and the distribution of finished articles to other points at a profit.

It is not surprising, therefore, that as a whole this system of rates meets with general satisfaction and is subject to less complaint on the part of the shipping public than any other in the country. Practically the only grounds for complaint have been the fixing of the so-called differential adjustment of rates from and to points in Trunk Line and Central Freight Association territories, which, it is alleged, places Boston at a disadvantage as compared with New York, Philadelphia, Baltimore, and other North Atlantic Ports. This phase of the question, however, is taken up in the adjustment of rates under the percentage system, which is set forth in a later chapter of this treatise.

The New England Scale of Class Rates

As illustrative of the general measure of rates in this territory, that obtaining on the Boston and Maine Railroad affords a very excellent basis, as it is not only one of the most recent (having been made effective April 1,

1914), but also scientifically arranged in that the lower classes bear a definite relationship to the first class.

This scale was adopted after protracted hearings which were participated in jointly by the Interstate Commerce Commission, the public service commissions of several states, and the representatives of the carriers and the public.

TABLE 13

MILEAGE SCHEDULE OF CLASS RATES[1] FOR USE ON CLASS-A ROADS[2]

Miles	1	2	3	4	5	6	Miles	1	2	3	4	5	6
5...	20.5	17.5	13.5	10.5	7	5.5	200...	48.5	41	32.5	24.5	17	13.5
10...	22	18.5	14.5	11	7.5	6	210...	49	41.5	33	24.5	17	13.5
15...	23	19.5	15.5	11.5	8	6.5	220...	49.5	42	33	25	17.5	14
20...	24	20.5	16	12	8.5	6.5	230...	50	42.5	33.5	25	17.5	14
25...	25.5	21.5	17	13	9	7	240...	50.5	43	34	25.5	17.5	14
30...	26.5	22.5	18	13.5	9.5	7.5	250...	51	43.5	34	25.5	18	14.5
35...	27.5	23.5	18.5	14	9.5	7.5	260...	52	44	35	26	18	14.5
40...	29	24.5	19.5	14.5	10	8	270...	52.5	44.5	35	26.5	18.5	14.5
45...	30	25.5	20	15	10.5	8.5	280...	53	45	35.5	26.5	18.5	15
50...	31	26.5	21	15.5	11	8.5	290...	53.5	45.5	36	27	18.5	15
55...	31.5	27	21	16	11	9	300...	54	46	36	27	19	15
60...	32	27	21.5	16	11	9	320...	55	47	37	27.5	19.5	15.5
65...	33	28	22	16.5	11.5	9	340...	56.5	48	38	28.5	20	16
70...	33.5	28.5	22.5	17	11.5	9.5	360...	57.5	49	38.5	29	20	16
75...	34	29	23	17	12	9.5	380...	58.5	49.5	39	29.5	20.5	16.5
80...	34.5	29.5	23	17.5	12	9.5	400...	60	51	40	30	21	17
85...	35	30	23.5	17.5	12.5	10	420...	61	52	41	30.5	21.5	17
90...	35.5	30	24	18	12.5	10	440...	62	52.5	41.5	31	21.5	17.5
95...	36	30.5	24	18	12.5	10	460...	63	53.5	42	31.5	22	17.5
100...	37	31.5	25	18.5	13	10.5	480...	64.5	55	43	32.5	22.5	18
110...	38	32.5	25.5	19	13.5	10.5	500...	65.5	55.5	44	33	23	18.5
120...	39	33	26	19.5	13.5	11	520...	66.5	56.5	44.5	33.5	23.5	18.5
130...	40.5	34.5	27	20.5	14	11.5	540...	68	58	45.5	34	24	19
140...	41.5	35.5	28	21	14.5	11.5	560...	69	58.5	46	34.5	24	19.5
150...	42.5	36	28.5	21.5	15	12	580...	70	59.5	47	35	24.5	19.5
160...	43.5	37	29	22	15	12	600...	71.5	61	48	36	25	20
170...	45	38.5	30	22.5	16	12.5	620...	72.5	61.5	48.5	36.5	25.5	20.5
180...	46	39	31	23	16	13	640...	73.5	62.5	49	37	25.5	20.5
190...	47	40	31.5	23.5	16.5	13	660...	75	64	50	37.5	26	21

[1] Governed by the Official Classification.

[2] In the disposition of fractions, those of less than one-half cent were dropped and one-half cent and over rounded out to a full cent in arriving at the base rates in the scale.

It will be observed from Table 13 that the scale is based on 5-mile rates of progression from 5 to 100 miles, inclusive; on 10-mile rates of progression from 100 to 300 miles, inclusive; and on 20-mile rates of progression beyond.

Class Relationship

Relationship existing between the various classes is predicated on the first-class rate, the first-class division being taken as the basic division and the other classes being constructed with relation thereto on the following percentages:

Class	2	3	4	5	6
Percentage	85	67	50	35	28

Rules 25, 26, and 28 are constructed on the basis authorized by the current Official Classification.

Application of Scale

The Class-A schedule set forth in Table 13 was designed primarily to apply between points located in the more densely situated district served by the Boston and Maine Railroad, as it was recognized by its designers that it would not yield an equitable return to the carriers if blanketed over the entire territory.

So far as the Boston and Maine Railroad is concerned, we have indicated in Diagram 8 the territory or divisions on which this scale of rates is applied by means of horizontal lines drawn across the respective divisions of those portions on which a Class-A scale of rates is applied.

Class-B Rates

For application in the more sparsely settled sections of the territory served by this railroad, it was decided that an increase of 10 per cent in the rates obtaining under

the Class-A adjustment would prove equitable both for the carrier and for the shipping public, and the rates were so made. This territory is indicated in Diagram 8 by the heavy black lines.

The Rates applicable before the present scale on hauls between A lines and B lines were on a constructive mileage basis, the actual distance traversed over a Class-A line being added to 125 per cent of the distance traversed over a Class-B line. Under the new scale, Class-B Rates will apply to all traffic moving to or from Class-B lines.

Between points in Class-B and Class-A the rate will be 10 per cent higher than the rates for hauls of the same length on Class-A lines.

Interline or joint rates are established on a slightly higher basis, but the underlying principles affecting the mileage and money rate of progression and the class relationship are the same.

In connection with the adjustment of rates in this territory, following the proposed horizontal increase of 5 per cent recently permitted by the Interstate Commerce Commission, Commissioner Harlan called attention to the fact that in this case the New England carriers sought approval of an increase only in the rates on traffic moving between New England Territory and other parts of Official Classification Territory. They did not propose a general 5 per cent increase in their intraterritorial freight rates. Those carriers undertook, instead, a general rate revision, which has since been largely effected through friendly conferences with state commissions and with shippers, and is now, by common consent of the public and state officials, being brought to a conclusion on a basis that will afford those lines a much larger additional net income than they could have secured through a 5 per cent increase in their freight rates. In other words, the New England lines have voluntarily pursued the only rational and reasonable course to augment their revenues,

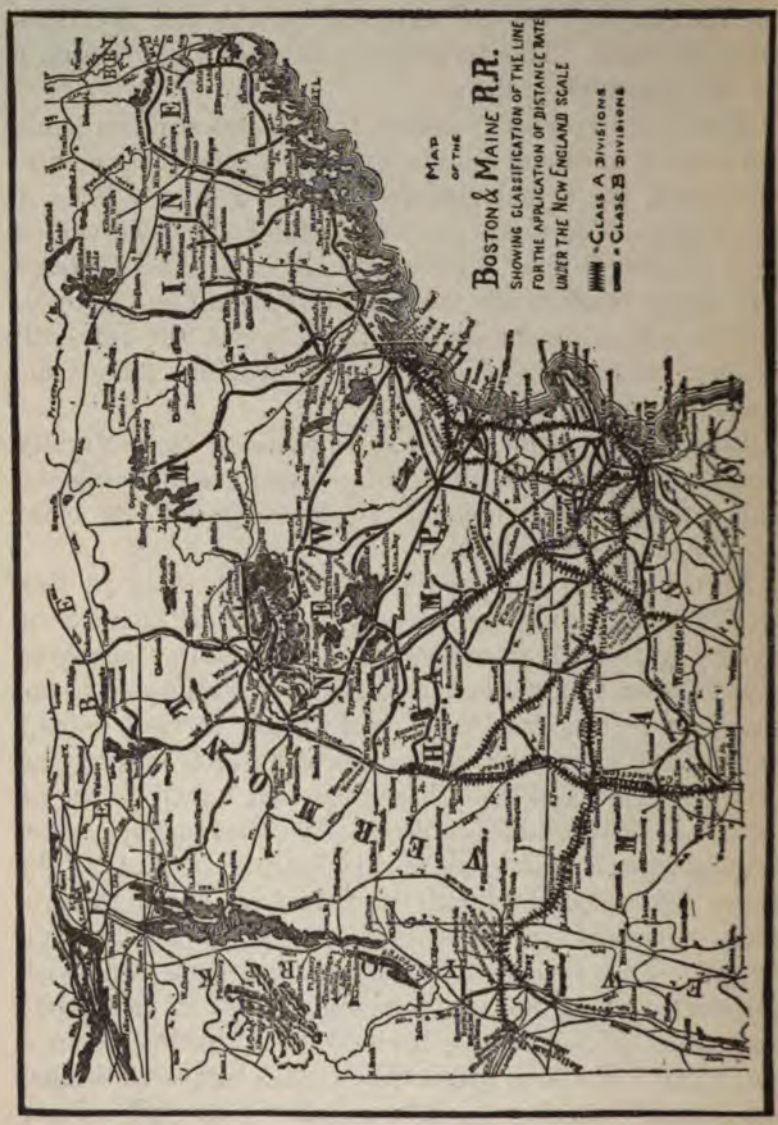
MAP
OF THE
BOSTON & MAINE R.R.
SHOWING CLASSIFICATION OF THE LINE
FOR THE APPLICATION OF DISTANCE RATE
UNDER THE NEW ENGLAND SCALE
- CLASS A DIVISIONS
- CLASS B DIVISIONS

DIAGRAM 8

this being the course urged upon the Central Freight Association lines and the course that those lines at the hearing admitted to be necessary in order to meet their real requirements.[4]

[4] 22 I. C. C. Rep. 32.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers are not to be sent to the University.

1. Indicate several of the so-called overlaps of Official Classification Territory and the reasons therefor.

2. Define the organization and function of freight associations.

3. How does the railroad mileage and density of traffic in Official Classification Territory contrast with Western and Southern Classification territories?

4. What is the principal source of traffic in Official Classification Territory?

5. By whom are the intrastate rates in Illinois prescribed?

6. In the application of the Illinois scale of rates, how are the carriers of that state grouped?

7. Give an illustration of the construction of joint rates in Illinois.

8. To what extent are rates governed by the Official Classification applied on intrastate business, moving between points within the state of Michigan?

9. What is the basis employed in constructing rates between local points on the same railroad in the state of Michigan?

10. With what authority is the Public Service Commission of Ohio vested with regard to freight rates?

11. What scale of rates is applied to Indiana intrastate traffic?

12. To what extent is the Central Freight Association scale of rates applied?

13. Suppose A and B are in adjoining states and 426 miles apart, what scale of rates ordinarily would be applied?

14. How are short-line junction-point distances determined?

15. Give an illustration of the application of a basing-point rate to intermediate points.

16. Is it possible for the circuitous line in all cases to meet the short-line rate?

17. What would be the class rates from Glendale, Ohio, to Stockton, Ohio?

18. Give an illustration of when it is desirable to afford competing plants an equality in freight rates.

19. How, as a rule, are rates to branch-line points constructed?

20. Illustrate the disrupting effect that state-prescribed rates have on the Central Freight Association scale of rates.

21. Discuss the development of the class divisions of the Central Freight Association scale of rates.

22. How is the Rule 28 class rating determined?

23. Enumerate some of the commodities which are accorded ratings based on percentages of the existing class rates.

24. What is a "basing book," or "'basing sheet"?

25. What is meant by rates being "out of line"?

26. Enumerate some of the commodities for which special scale rates are prescribed by the Central Freight Association.

27. What elements intervene and cause a disregard of the distance principle in the application of the Central Freight Association scale?

28. Illustrate the equalization of competition in so far as traffic destined to points in Southeastern Territory is concerned.

29. How does the short-line distance, Chicago to Cincinnati, compare with the distance via other workable routes?

30. Into what groups are the so-called Ohio River Crossings divided?

31. How are the rates from Milwaukee adjusted with respect to the rates from Chicago?

32. What are the lake-and-rail rates by car-ferry from Milwaukee across Lake Michigan to Cincinnati?

33. To what causes may be ascribed the difference in the rates from Chicago to Ohio River Crossings in Illinois as contrasted with Ohio River Crossings in Indiana and Ohio?

34. What basis of rates is applied from Evanston, Ill., to Lockland, Ohio?

35. What are the existing differences in the rates from Chicago to Cincinnati on traffic as contrasted with Davenport, Iowa.

36. Outline in brief Trunk Line Territory.

37. To what extent are the rates in Trunk Line Territory susceptible to active water competition?

38. How are the rates from Utica to Pittsburgh rate points constructed?

39. To what cause may be ascribed the depression in the Buffalo-New York rates?

40. Illustrate the construction of rates from Syracuse, N. Y., to the Pittsburgh-Erie group.

41. What are the traffic characteristics of the New England Freight Association Territory?

42. Define the mileage rate of progression and money rate of progression.

43. Under the New England scale what relationship does sixth-class rate bear to first-class rate?

44. Which of the adjustments treated in this treatise appears to you as the most scientific and equitable?

FREIGHT CLASSIFICATION

ONE OF A SERIES OF TEXTS ON TRAFFIC MANAGEMENT

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Western Classification Committee

LaSalle Extension University
CHICAGO

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FREIGHT CLASSIFICATION

BY

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FREIGHT CLASSIFICATION

A Preliminary Survey

The study of freight classification is one of the foundation studies of the traffic field. In many of the later volumes of this course it will be found, either that the subjects treated are based in part on freight classification, or that a thoro knowledge of the subjects presupposes an understanding of the basic subject treated in this volume.

A careful study of the matter here presented is therefore highly important in traffic training. The experienced reader, on picking up a book for the first time, has the same questioning attitude toward it as has the sportsman toward the new rifle which he is examining.

"How efficient is it?" he will ask. "How valuable will I find it when I start putting it to practical use?"

The reader has the right to ask the same questions about the present volume. These paragraphs will attempt to answer them.

While the whole subject of freight classification treated in this volume has been taken directly from actual experiences in the traffic field, and while, necessarily, it introduces many complex situations and much technical phraseology, yet it has been prepared with the beginner definitely in mind.

Consequently, anyone who will give serious thought to this volume may be assured that, on finishing it, he will find himself possessed of a comprehensive outlook on the subject which will aid him notably in his further traffic studies. A volume can do more for a reader, however, than merely convey information, no matter how efficiently that information is given, for it can also aid the reader in applying the information to his own life, his work, and his problems.

This volume is strong on its practical side. While it devotes more than 120 pages to a study of the elements of freight classification, it leaves equally as many pages to a detailed study of the rules of classification. This intimate consideration of the rules, with the wealth of special illustrations contained therein, is a definite step toward the practical. Time spent on "Interpretation of the Rules" (Part II of the book) is time well spent on actual freight classification problems.

A Bird's-Eye View of the Volume

Any important subject taken up for study seems complex at first sight. A glance thru this volume by anyone new to this field may well leave the impression that freight classification is a highly complicated matter.

Everything in life, however, is both highly complex and simple, depending on one's viewpoint. Freight classification, which is complex, is also simple, and if the reader will learn to see it first in its simple relations, and will progress from the simple to the slightly complex, and thence to the more complex, he will be likely to experience no difficulty in mastering the subject.

He is therefore invited, before plunging into the details of the subject, to get a view of the book as a whole, to see its main divisions, and thus to obtain a "master view" of freight classification.

Briefly, then, in this book the reader will learn the following:

First, that in the railroad business a need arose that freight be classified in order that proper charges might be made for transporting it.

Second, that the way different articles are classified depends on a number of elements of classification. These elements will be studied in this volume.

Third, that in order that the shippers and carriers might have the proper standard information about freight

classification, it was necessary to create and publish classification schedules. This book will give the history of these schedules, and will introduce the reader to the actual published volumes.

In order to familiarize him immediately with the appearances of these volumes, illustrations of them and of pages from them are shown in this book.

In order that the reader may learn how to put his freight classification knowledge to practical use, he will be shown how to use these published schedules.

To enable the reader to learn most conveniently the actual use of these schedules, LaSalle Consolidated Freight Classification No. 1 has been prepared. This is a separate volume, to be used in conjunction with this text. It is not an official classification; yet it is a condensation of such classifications.

It has the following advantages:

First, it gives the student access to real classification study; otherwise it might not be possible for him to procure such volumes, or, if he should procure one, he might not be able to use it in connection with a textbook of directions, since the page numbers of these classifications change from time to time.

Second, its condensed form makes it more convenient for study; yet the reader will find that even thus, boiled down, it is capable of giving him excellent detailed practice in every important feature of the use of classification schedules.

This, then, is a bird's-eye view of the subject matter of this book—the need of freight classification, the elements of freight classification, the published schedules, and the use of these schedules.

With this introduction we are now ready to take up the more detailed study of the subject.

Chapter I

THE CLASSIFICATION OF FREIGHT

Most people fail to realize the important part the railroads play in their daily lives.

It is true they understand that railroads play a mighty part in the nation, a part affecting sections and cities and industries; but, aside from shippers and receivers of freight, few sense the fact that the influence of the roads reaches right into their homes, and that conditions affecting these roads are bound to affect persons individually, even down to their minutest comforts and necessities.

Take your own case. For instance, what are the things which surround you—which are contributing to your comfort at this moment? Can you single out one which the railroads play no part in bringing to you? Just one, which is solely the product of the community in which you live—with no contribution whatsoever from the outside world? The stone, brick, or lumber of which your house is built, the window glass, the heating plant, the lighting fixtures, the furniture and carpets, the dishes and bric-a-brac—where did each come from? Some of these things are small and comparatively light in weight, but of high value and easily broken; others are compact and heavy, and practically unbreakable.

Thousands of articles similar to these, and many others as well, are delivered daily to the railroads for transportation. More than three billion tons of freight, including practically every conceivable object, move over the railroads of the United States in a single year. Every quality and characteristic is represented; articles of low value and high value, light and heavy, bulky and com-

pact, fragile and indestructible, perishable and non-perishable—a sack of cement, a marble statue, an arc lamp, a steel safe, a case of eggs, a prize steer, a threshing machine, a load of sand, a child's go-cart.

From this it is evident that in the transportation of freight the railroads exert such a powerful influence on our country and its welfare, that it is highly important that this freight transportation be carried on under conditions of the greatest possible efficiency and justice to all.

One of the most important of these conditions is the price to be charged for transporting these innumerable kinds of articles. For if the prices are too low—if they do not permit the carrier (the railroad) to give good service and at the same time to earn a reasonable revenue for its service—the road will suffer and eventually may have to discontinue business, a result which would be harmful to the public as well as to the carriers.

On the other hand, if the prices for transportation are too high, they will tend to stop the public from shipping goods, and this condition will reduce the revenues of the carriers as well as work a hardship on the public. It is clear, then, that the establishing of proper transportation prices is a matter of the greatest importance to the country as well as to the railroads.

But here we are confronted with the complex nature of transportation, for very many of the articles which are shipped require the most careful handling, specially designed cars, and rapid transportation to insure safe delivery. Others are not injured by rough handling, and may be transported in ordinary railroad equipment, with the time spent in transit a matter of minor consideration.

Again, when the transportation charge is small in proportion to the value of the shipment, there is less danger of restricting movement as a result of increasing the charge, than when the cost of transportation is relatively greater.

For instance, of two shipments of dishes, one may be imported china, valued at $100, and the other common earthenware, valued at $10. A transportation charge of $5 would make little or no difference in the distribution of the former, whereas the same charge on the cheaper ware would prove a heavy handicap. And yet the free movement of the cheaper ware is of importance to a greater number of people than is that of the fine china.

It is therefore evident that a system admitting of no elasticity, and providing a uniform set of charges to apply on all articles or commodities alike, would prove disadvantageous to both the railroads and the public thru its failure to bring about the desired end—the greatest freedom in the movement of freight, with a reasonable return to the carrier.

It is also evident that, to fix a different charge on each transportable article would run into endless controversy as to the reasonableness of charges. The present system of classification reaches a compromise between these two extremes. It does not charge for all articles and commodities alike, nor does it fix a different charge for each article and commodity. Instead, it places the thousands of transportable articles in a relatively few groups, called classes, and the charges are assessed on these groups.

Origin of Classification.—A very brief glance back into history will help us to see how the present classification system came about. In the early days, before there were any steam railways, most of the freight in this country was transported by highways and canals, principally by canals. It was, of course, necessary for the canal companies to have some basis for making the transportation charge, and this was accomplished by dividing the freight moving in commerce into two classes, according to the weight and size of the packages.

When the first railways were built, they became the chief competitors of the canal companies; and, because

of this competition, it was but natural that the railroads should adopt the same method of classifying freight as was used by the water carriers.

As the commerce of the country increased, both in variety and volume, this system of classifying freight was amplified, and the crude methods of the early days gradually developed into the somewhat intricate system of classifying freight—according to certain well-known principles, which will be discussed fully later. It is this classification of freight that is the foundation upon which rate making rests to-day.

What Is Meant by Classification.—In an elementary way, classification may be described as the division of the different articles of commerce into groups for rate-making purposes. Each article is assigned to a group with other articles which are similar from a transportation standpoint. Each group is called a *class*, and each class is designated by a number or a letter which is known as a *class rating*. A single rating thus applies to all the articles assigned to a respective group. (The terms *class* and *rating* are used interchangeably.)

For example: A certain kind of churn is classified or placed in the first class. Concerning this churn, then, it is proper to say: "It is in *class 1*," or "It is in the *first class*," or "It takes a *first-class rating*."

Purpose of Classification.—There are two angles from which the classification of freight should be considered:

1. As a simplified method of arriving at the basis for a transportation charge.

2. As the base upon which the rate structure is predicated (or built).

Or, to put it another way, it is necessary to take two steps. The first step is the act of simplifying the situation by placing the thousands of articles in a few classes. This is the classification of freight. Then, with this classification made, the second step is taken; namely, the building up of a structure of rates based on the classifica-

tion. By structure of rates is meant a list of definite prices to be charged for transporting the different classes of articles from one given place to another.

Let us discuss each of these steps in turn.

As to the first, the necessity for a simplified basis for determining the charge for transportation will readily be seen when it is realized that there are in the United States approximately 90,000 railroad stations from and to which shipments move, and that in the course of a single day the railroads transport many thousands of different kinds of articles. Without the grouping of these articles, it would be necessary to name and publish a separate rate to apply on each article from each station to all other stations, which would be practically impossible.

We begin to simplify the problem, however, when we place these many thousands of articles in ten classes, each class containing all articles that are the most nearly similar, one to another. We simplify matters because instead of having ten thousand articles to figure on, we now have only ten classes; and what is true of any one class is true of every article of that class. Thus, having classified the articles into a few classes, we are ready to take the next step, namely, a consideration of the relation of prices to these various classes.

Classification and Class-Rate Tariff Schedules.—Having considered the value of classification as a simplifier of the problem, we are now ready to take up the next step—the consideration of how rates are related to freight classification.

Freight classification deals with articles and classes. That is, it places articles in classes. It says, for instance, that this article shall go into first class, that article into second class, yet another article into third class, etc. But classification does not show the price of transportation for each class.

The price of transportation belongs to another field—that of rate making. Class rates are not made with

relation to individual articles, but rate making takes the different *classes* of these articles and says that between this town and that town the price to be charged shall be, for instance, $2 per 100 pounds for first class, $1.78½ for second class, $1.55½ for third class, and so on.

In other words, while the classification of freight puts articles and commodities into classes, the making of class rates deals with places and with the prices to be charged for articles in each of these classes, transported between these places.

It will be well at this point to understand exactly the meanings of the words *rating* and *rate*, for they convey the same meaning, and yet mean two distinctly different things. As we have already seen, *rating* is the designation of the class division to which an article is assigned. To give an article a rating means to place it in a certain class, such as first, second, third, etc. But *rate* means price. It refers solely to the amount of money to be used in computing the charge on a given shipment. For example, we may say: "That article takes a *rate* of 85 cents per 100 pounds between the given places." (See figure 1.)

Having cleared the air of any possible confusion about these two words, we are now ready to consider the two publications that are used in connection with the classification of freight and the price of transportation service.

These books are:

1. The Freight Classification.
2. The Class-Rate Tariff.

The Freight Classification does not list the different stations from which or to which goods are to be shipped, and does not name directly the prices to be charged for shipping goods. It merely takes all the articles likely to be shipped and places each one in a class, or, in other words, gives it a rating.

The Class-Rate Tariff, on the other hand, does the very thing the Freight Classification does not do; it lists

FREIGHT CLASSIFICATION

ARTICLES	RATINGS: Official	RATINGS: Southern	RATINGS: Western
Cash Registers	1	---	---
Iron Rake Heads	R25	---	---
Printing Ink (Carload)	4	---	---
Candy	.....	2	---
Old Bottles	.....	6	---
Barley (Carload)	.....	D	---
Candles	.....	.....	3
Asbestos Cement (Carload)	.....	.....	A
Dry Kalsomine (Carload)	.....	.....	C

CLASS-RATE TARIFF

Rates In Cents Per Hundred Pounds

Classes Governed by the Official Classification

1	2	R25	3	R26	4	5	6
→100	87.5	74.5	66	53	46.5	40	33.5

Classes Governed by the Southern Classification

1	2	3	4	5	6	A	B	C	D
100	78	66	51	43	35	25	36	25	22

Classes Governed by the Western Classification

1	2	3	4	5	A	B	C	D	E
100	82	67	52	42	44	36	30	26	21

Figure 1. As will be seen from the above chart classification names the rating to which each article is assigned. The class-rate scale names a rate to correspond to each rating. The rating must be coupled with the corresponding rate to find the transportation price.

the different stations, and gives the prices or rates to be charged for shipping the different classes of goods from any given station to another.

These, then, are the steps which must be taken in ascertaining the rate to be charged for shipping a given article from one point to another:

First, turn to the Freight Classification, to find out in what *class* the article is placed, or, in other words, what rating it takes. Having found out the class, consult the Class-Rate Tariff, and find what *rate* (or price per 100 pounds) should be charged for transporting your class of article from one particular point to another.

The present volume deals only with the classification of freight, and in connection with our study of this book we shall have frequent occasion to consult the Freight-Classification publication. In later volumes we shall go into the study of rates and tariffs.

Function and Responsibility of Railways.—One cannot go far in the study of this subject before coming face to face with the fact that the government has considerable influence in the matter of classification. Especially, he notices the presence of an Interstate Commerce Commission, and he comes to realize that this Commission is the supreme authority in certain railroad affairs. "How does it happen," he may ask, "that this government body, a thing apart from the railroads, exercises so much control over them?"

In order to answer this question satisfactorily it is well to look backward a bit, into the beginnings of transportation systems, and thence, step by step, to see how present-day conditions came about.

The railroads, as we know them, are the logical successors of the old canal and the stagecoach companies. In the early days of transportation, the canal companies furnished a highway for transportation, and the charge exacted was for the use of that highway. The stagecoach companies furnished transportation, but had no

specially constructed roadbed, so their charge was for hauling only. The railroads combine the services of both the canal and the stagecoach companies, in that they furnish the highway and the transportation.

Just as the service which the railway performs is two-fold, so also is its responsibility. On the one hand, it is financed by private investment, and, quite naturally, the stockholder is entitled to a return on his investment. On the other hand, were it not for certain rights of sovereignty, such as the right of eminent domain, granted by the state, the construction and operation of the railway would not have been possible. Further, the very fact that the rights and privileges granted it by the state are for the performance of a public service, makes the railway responsible for the performance of that service.

The Supreme Court recognized this when it said:[1]

"Whether the use of a railroad is a public or a private one depends in no measure upon the question of who constructed it or who owns it. It has never been considered a matter of any importance that the road was built by the agency of a private corporation. No matter who is the agent, the function is that of the state. Tho the ownership is private, the use is public***. The right to exact tolls or charge freight is granted for a service to the public."

Federal Regulation of Common Carriers.—The Constitution of the United States[2] gives Congress the power to regulate commerce among the several states. It is from this source, and the implied powers thereunder, that the federal government derives its power to regulate by law commerce carriers engaged in interstate commerce.

The law defining the rights, privileges, and responsibilities of interstate rail carriers in the United States is known as the Interstate Commerce Act.[3] This act, which became effective April 5, 1887, created the Interstate Commerce Commission to execute and enforce its various provisions. The Commission hears all cases in-

[1]*Alcott* v. *The Supervisors*, 16 Wall., 678, 695.
[2]Article 1, Section 8, Clause 3.
[3]This law was originally entitled "An Act to Regulate Commerce," but in 1920 the name was changed to the Interstate Commerce Act.

volving alleged violation of the Act. When, in such proceedings, the Commission defines a principle, its words merit careful consideration, for they outline the reasoning of that body in rendering a decision, and are authoritative. It is for this reason that frequent quotations from the decisions of the Interstate Commerce Commission are given.

State Regulation of Carriers.—In addition to the regulations imposed by the Interstate Commerce Act, there are certain restrictions imposed by different states. Under the powers reserved to the states by the tenth amendment to the Constitution, many of the individual states have regulatory commissions vested with authority to regulate the carriers in so far as traffic and transportation wholly within the respective states are concerned.

The jurisdictions and powers of these state commissions vary greatly, and as the very interesting subject of carrier regulation is fully discussed and developed later on in this course, it is but touched upon at this time.

Duty of Carriers to Classify Freight.—While all ratings and rules carried in the freight classification are subject to the review of the Interstate Commerce Commission, it is incumbent upon, and the duty of, the carriers themselves to make such ratings and rules and to publish freight classifications; these duties being imposed upon them by Section 1 of the Interstate Commerce Act, which reads in part:

"It is hereby made the duty of all common carriers subject to the provisions of this Act to establish, observe, and enforce just and reasonable classifications of property for transportation, with reference to which rates, tariffs, regulations, or practices are or may be made or prescribed."

Publishing and Filing Freight Classification.—The law also provides that the printed classification must be filed with the Interstate Commerce Commission at Washington, D.C., in accordance with the prescribed regulations of the Commission, and all carriers that are parties to the classifications thus filed are legally bound to observe

and enforce the ratings and provisions contained therein. The filing of the classification with the Commission, and the posting of the classification at the various offices and agencies of the carriers, operates as notice to the public of the ratings, regulations, and provisions that will apply in connection with the various articles of shipment.

The Gist of Chapter I

The surest way to get the full value from your reading is to stop at the end of each chapter long enough to ask yourself a number of practical questions, to make certain that you have grasped the essential points so that you can use this knowledge in solving actual problems.

To help you in getting at the keynote of each discussion, we give at the close of every chapter a number of questions and problems such as are met with every day in actual traffic work. If you can work out a set correctly, you may be certain that you have mastered that chapter.

You are not asked to send the answers to these questions and problems to the University. Their only purpose is to give you a way of testing yourself, and so help you in measuring your progress in this new and important work.

Chapter I deals with the necessity for classification and the purpose which it serves in traffic work. Answer the following questions as a help to getting at the pith of the chapter.

1. The Purpose of Freight Classification

Go into your nearest department store. Look over the endless variety of articles on display there. Now suppose that you were asked to make up a scale of prices for shipping the things which you saw there to every town within a radius of 100 miles from where you live. How could you arrange your list so that it would not be

necessary to name a separate price for shipping each article to each of these towns?

2. Publications

(a) What traffic publication serves the same purpose as your list of articles?

(b) What other schedule would you have to prepare to be used with your list, to determine the cost of transportation?

3. Interstate Commerce Commission

How did the Interstate Commerce Commission come into existence, and what power does it exercise?

4. Preparation of Classification

Whose duty is it to prepare and publish a classification of the articles which are carried by the railroads?

Chapter II

THE ELEMENTS OF CLASSIFICATION

The essential purpose of education for the traffic profession is to train the individual in the principles affecting the problems which will inevitably arise in the work of the traffic executive. The man who has broad vision; who can bring to his duties a complete grasp of the complexities of each issue and of the points which, in the past, have been given weight in deciding similar cases; who possesses confidence in his own judgment—born of knowing that he is right—will surely make a better executive than one whose professional training consists of having done only those things which he has been told to do, or which he has seen others do, without knowing why.

He who aspires to the great rewards which the traffic profession has to offer, must first firmly grasp the underlying principles, and then look to the more mechanical aspects—the use of the schedules formulated in accordance with these principles.

Now, what are these principles that govern transportation charges?

To begin with, there are two principles which underlie all others. These have already been considered, but it will be worth while to repeat them. They are:

First, that the public should be furnished with adequate transportation at reasonable cost.

Second, that the financial investment of the railroads should be conserved and made to produce a fair return.

These principles, it is true, seem antagonistic to each other, but it is both desirable and possible so to coördinate them as to produce a result advantageous to carriers and public alike.

Now, these two principles, while they are the groundwork on which the whole subject of classification is built, do not themselves take a direct and active part in this subject. On the other hand, there are certain elements which make up the very bone and sinew of classification, and which will occupy a considerable amount of our attention in this volume. The more important of these elements are:

1. Cost of Service
2. Value of Service
3. Value of Property
4. Bulk and Weight
5. Risk and Liability to Damage
6. Competition
7. Volume of Traffic

An analysis of the decisions of the Interstate Commerce Commission shows that these are the elements which are of controlling influence in the classification of freight, altho all of them are not necessarily controlling or even of major importance in every case.

As these elements constitute the very foundation of transportation charges, it is essential that every student of traffic should know the composition of each element. In the following discussion, the major points are exemplified in such a way as to aid materially in understanding all the guiding principles of classifying freight, altho it should be understood that it is only in unusual or theoretical cases that it is possible to single out and show the exact effect of a single element. Diverse and conflicting conditions frequently complicate the analysis of the majority of actual shipments, so that the influence of each element may be determined only in a general way.

1. Cost of Service

Of the many considerations that are given weight in determining a proper transportation charge, none is more

obviously reasonable than that such a charge should at least equal the cost of performing the service. But just what properly constitutes the cost of the service, and how this is determined, are subjects of some controversy.

The question may be divided primarily into two phases: First, what are the direct costs? and second, what are the indirect costs, and to what extent should they be applied?

The direct costs are those that are incurred as the result of actually moving the freight, and which would not have been created if the freight had not moved. For example, the direct costs of moving a trainload of grain would include (among other items) the cost of the fuel actually consumed in the locomotive and the wages of the train crew during the trip. Because of the diversity of conditions under which freight moves, and because these conditions are constantly changing, it is almost impossible to ascertain the direct costs exactly.

The indirect costs are fixed costs that do not change to any great extent, and are made up of the original cost of construction, maintenance of way and equipment, interest on indebtedness, taxes, etc. The difficulty in connection with the indirect costs lies in determining what proportion of their total should be applied to a specific shipment or unit.

From the foregoing, it will be seen that it is virtually impossible to determine the cost of service accurately, and for this reason cost of service should not be given undue weight in classifying freight, but should be considered only in its proper relation to the other elements. This conclusion is clearly reflected in the following quotations from decisions of the Interstate Commerce Commission:[1]

"The Commission appreciates the difficulty of even fairly approximating the cost of transporting a unit of freight, and realizes that any method employed must necessarily be somewhat arbitrary."

[1] *Sloss-Sheffield Steel and Iron Co. v. L. & N. R. R. Co.*, 30 I. C. C., 597, 602.

And further,

"Cost of service is usually so difficult of accurate determination that its use as a gauge in rate making must be limited."[1]

2. Value of Service.

Value of service is not easily defined. Interpreted broadly, it is the value which is added to the article by its transportation from origin to destination, the measurement of value being its increased market price.

For instance, if a bushel of wheat is worth 60 cents in Minnesota and 80 cents in New York, considering the value of service element alone, the railroad could add 20 cents to the value of the wheat by carrying it from Minnesota to New York; and if the transportation charge was made equal to the entire value of the service of carriage, the rate could be nearly 20 cents a bushel.

Ordinarily, the unit profit on articles of high value is proportionately greater than on articles of lower value, and it therefore follows logically that the higher the value of the property, the greater the relative value of the service.

When, however, the value-of-service element has been given undue prominence in determining a charge, it means that other elements entering into the situation have not been given proper consideration, thereby bringing about an unjust charge. This method of determining the transportation charge has proven unsatisfactory to the shipping public on the ground that it gives undue preference to the railway interests, and subordinates the interest of the shipping public to that of the carriers. It must not be understood, however, that traffic which is able to bear a relatively high rating should not be made to carry it. There is certain traffic which can sustain a high transportation charge without affecting the volume of its movement.

[1] *American Round Bale Press Company* v. *A. T. & S. F. Railway Company*, 32 I. C. C. 458, 466.

The Interstate Commerce Commission recognized the value of service as an important consideration when it said:[1]

"Another element of highest importance, and that cannot be disregarded, is the value of service to the article. This is a factor that largely determines the classification and rates the article will bear in the transportation of commerce, and necessarily qualifies the influence of other factors in the distribution of charges with the view to average reasonable revenue."

As may be said of any of the principles of classification, value of service is closely related to other factors, and the influence it should bear upon the level of the charge is subject to the varying degrees in which these other elements enter into consideration.

3. Value of the Property.

In studying the effect of the transportation charge upon the movement of certain traffic, it is soon apparent that cost of service and value of service are closely interwoven with, and frequently dominated by, the value of the property.

Value of property is generally conceded to be one of the most important elements in classifying freight. Of course, as has already been stated, it is not advisable to say that any one element or any three or four elements are in all cases the most important. Yet there are a few elements which seem to lead all others in general importance, and the value of the property is one of these.

The Importance Attached to Value.—There are several considerations that tend to emphasize the importance which attaches to value. It is well known that owing to their inherently low value, certain commodities such as iron ore, gravel, brick, etc., can be marketed over only a comparatively small area. This is so because of the expense incident to transportation. It follows that other commodities of a higher but still relatively low value, can be distributed over a greater territory. To permit

[1] *Thurbur* v. *N. Y. C. & H. R. R.*, 2 I. C. Rep. 742, 753.

of such distribution, however, the transportation charge must be kept at a low level; otherwise the flow of such commodities would be greatly lessened or prevented altogether.

Coal, iron ore, lumber, etc., are of low value, but are essential to the welfare of civilization and absolutely indispensable to industry. Because of the necessity for the distribution of such commodities, which cannot stand more than a low transportation charge, commodities of a higher value, such as manufactured products, must bear a portion of the charge that would otherwise rest upon commodities of low value. In the words of the Commission:[1]

"To a certain extent higher rates must be charged by a carrier when the traffic can easily be made to bear it; for if a portion of the traffic of a road is carried at low rates, because it will not move otherwise, so that it cannot bear its full proportionate share of the interest charges and common expenses, some other traffic must pay more than its share of such interest charges and common expenses."

Why this is so may be seen by comparing a carload of shoes weighing 20,000 pounds and worth approximately $30,000, with a carload of coal weighing 60,000 pounds and worth approximately $300. If the transportation cost of each carload was $100, this amount, distributed over the shipment of shoes, would be negligible with respect to the cost of each pair of shoes, but it would increase the cost of the coal 33⅓ per cent.

The Greater the Risk, the Greater the Compensation. —To exemplify another phase of the relation between the value of an article and its rating, let us consider that in accepting a shipment the carrier becomes virtually an insurer of the goods. It is obvious that the higher the value of the insured property, the higher the insurance premium should be. If in the case under consideration, both the carload of shoes and the carload of coal were totally destroyed, the carrier's liability would be $30,000 for the loss of the shoes, while it would be only

[1]*Pittsburgh Steel Co.* v. *L. S. & M. S. Ry. Co.*, 27 I. C. C., 173, 185.

$300 for the loss of the coal. Naturally, the carrier is entitled to compensation for the greater risk assumed, and this compensation can be secured only thru a higher charge on the shoes than on the coal.

The effect of taking the value-of-the-property element into consideration is clearly shown in the classification of ores, which are assigned to one of three different classes, depending on whether they are valued at not more than 5 cents per pound, more than 5 cents but not more than 40 cents per pound, or over 40 cents but not over $1 per pound. In the event of loss or damage in transit, the liability of the carrier increases directly as the value placed on the ore shipment increases, which makes it necessary to scale the transportation charge so as to compensate for the added liability.

Furthermore, as has already been shown, the value of the service is very closely related to the value of the article, increasing directly as the value of the article increases. The movement of the low-grade ore would be practically prohibited by a transportation charge which would not seriously hinder the movement of the higher-grade ore. It is for these reasons—because articles of high value can stand a high transportation charge, because the carrier becomes virtually the insurer of the goods while in possession thereof, and because of the relation which this element bears to the value of the service—that the value of the property frequently plays so important a part in determining the class to which an article is assigned.

What the Commission Says About Value.—That the consideration of the value of the property is proper in classifying freight, is clearly indicated in a number of decisions of the Interstate Commerce Commission. In the Western Classification Case[1] it said: "The value of the article, not its use, is one of the determining factors in classification." In another case[2] the Commission said:

[1] 25 I. C. C., 442, 449.
[2] *Union Tanning Co. v. Southern Railway Co.* 26 I. C. C., 159, 163.

"The value of a commodity is one of the material considerations in the adjustment of rates, and it is just as unsound to say that rates upon carloads of equal tonnage and equal cost of movement, one of a low-grade, cheap commodity and the other of a high-grade and valuable commodity, should be made the same, except for the difference that might be allowed for the single item of increased risk, as it is to say that every commodity should be charged all it can stand or bear. It is alike in the interest of the public and in justice to the carriers, having regard to their entire business and their right to an opportunity to earn a fair return upon the property in addition to the cost of service, that in the adjustment of rates due weight be given to differences in value of the respective commodities carried, and that such differences be not limited by the mere measure of difference in risk. Otherwise one of two results would of necessity follow: The rates as a whole would be such that it would be impossible for the carriers to earn what they reasonably might and, in fact, what they of necessity should, in order to enable them to perform their services; or the rates on many low-grade commodities would have to be such that they would be prohibitory of any movement."

This discussion brings out two distinct points: That a higher rating on goods of high value does not restrict the movement of such goods, as it would in the case of goods of low value, and that the increased risk which the carrier assumes in transporting goods of high value justifies a higher rating.

It will be noticed also that the element of value of service enters into consideration in placing a higher rating on goods of a higher value, as does also the element of risk and liability to damage.

4. Bulk and Weight

In an analysis of the elements of classification, it will be found that in many instances one element will merge into another, perhaps into several others. An excellent illustration of this tendency is shown in *bulk* (size) and *weight*, two elements so interwoven that their separation is almost impossible; hence they are regarded as one element. This is true largely because in order to give each its relative importance, one must be considered in conjunction with the other.

We can understand the subject better, however, by considering each of these twin elements separately.

The Size Factor.—Taking up the element of size, it is natural that this should be measured in terms of the space the article occupies in the car. In the main, common carriers hold themselves out to the public to do but one thing—perform the service of transportation. Incident to this service is the furnishing of the vehicle of carriage. These vehicles are primarily for the purpose of providing a place in which to store the article while it is being moved. Some articles require more space than others, so it is logical that the charge for the use of a larger amount of space should be greater than for a smaller amount of space. For this reason, articles when knocked down, that is, taken apart and shipped in such a manner as to reduce materially the space occupied,[1] should logically be given a lower rating than when shipped set up and thus occupying more space. For the purpose of discussion, the size element will be considered as affecting the charge or rental for space and the expense incident to storing the article in that space during the period of transportation.

Providing the vehicle and placing the freight therein completes but one part of the carrier's contract, as it also agrees to move the property from one place to another. It is therefore necessary for the carrier to furnish the motive power that will do the actual moving. Naturally, the heavier the article, the more power it takes to move it, and the cost increases in proportion to the power used. Hence, the carrier is justified in charging more to move an article weighing 200 pounds than to move one of the same kind weighing only 100 pounds.

The Factor of Bulk and Weight.—In practice, it is impossible to ascertain accurately the exact cost of space

[1]When ratings are provided for articles knocked down (K. D.), it involves taking apart the articles in such a manner as to reduce materially the space occupied. Merely separating the article into parts without reducing the bulk does not constitute knocking down or entitle the article to a K. D. rating. (21 I. C. C., 481.)

and of power, as the ratio of size and weight varies. Some articles, such as empty barrels, are relatively large but light; while others, such as pig iron, are relatively small but heavy. In actual practice, a compromise is worked out along the line of the ratio existing between the bulk and the weight of an article. That is, each factor is considered with reference to the other one.

Reference has already been made to the importance of weight, bulk, and value, and the Commission has to a certain extent lent its approval to the use of these elements as being of major importance, in the following words:[1]

"A compilation of classification units, expressing the relation to one another of weight, space, and value, should be made as far as practicable for every item in the classification, and given due consideration. * * * It is a recognized principle of rate making that light and bulky articles should take a higher rating per 100 pounds than denser and heavier articles."

The importance which attaches to bulk and weight or, as it might be expressed, bulk with relation to weight, is reflected in the fact that such commodities as hay, cotton, and wool are frequently either not accepted by the carriers unless in machine-pressed bales, or are accorded the advantage of a lower rating when so compressed. The bulk is reduced by compressing, and consequently it is possible to load greater weight in a given space.

The application of this same principle is an important factor in placing pails, baskets, fibreboard boxes, and the like, in a lower class when nested[2] than when not nested; and jardinieres when measuring 12 inches or less in diameter in a lower class than when measuring over 12 inches in diameter.

Compactness—the relation of weight to space occupied—plays so large a part in classifying freight, that whenever it is possible to prepare an article for shipment so as to make any considerable reduction in its cubic dimen-

[1] *Western Classification Case*, 25 I. C. C., 442.

[2] The term "nested" means that three or more different sizes of the article must be enclosed each smaller within each next larger; or that three or more of the article must be placed one within the other so that each upper article will not project above the next lower more than one-third (1-3) of its height.

sions, this increase in compactness is almost certain to be rewarded by a corresponding reduction in the cost of transportation. Thruout the classification, this consideration is reflected in the lower ratings which are assigned articles when knocked down than when set up.

5. Risk and Liability to Damage

As has already been stated, when a railway company accepts property for transportation, it becomes in a sense the insurer of the property. If the carrier is to be considered as an insurer, it is only just that the charge assessed on a shipment should include the insurance premium. It follows that the greater the liability of damage, the higher the insurance premium should be.

The carriers are often called upon to pay large sums of money to reimburse shippers for goods which have been lost or damaged while being transported. The responsibility rests in part with the shippers for not properly preparing their goods to withstand the wear and tear incident to transportation; in part with the agents of the carriers for improper handling either of the individual shipments or of the cars in which the shipments may be loaded; and in part upon the natural difficulties connected with handling and transporting freight.

Kinds of Risk and Liability.—Risk and liability of damage may be of two kinds:

1. To the article itself
2. To other articles

Shipments of boots and shoes, which are subject to pilferage; bric-a-brac, which is easily broken; small packages, which are readily lost; and fresh fruit, vegetables, meats, etc., which require expeditious handling, belong to the first group; whereas paris green, kerosene, and acids of various kinds, as well as numerous other articles which, unless packed and handled with the utmost precaution, are likely to injure other articles placed near them, belong in the second group.

Some articles are much more easily damaged than others, and further, some articles, if slightly damaged, can be repaired at a moderate cost, while others cannot be repaired and consequently have little or no salvage value. The element of risk is inconsiderable in so far as shipments of pig iron, rough lumber, gravel, and the like are concerned; whereas millinery, glassware, and similar fragile articles are highly susceptible to damage and, if damaged, represent virtually a total loss.

With the exception of live stock, perishable products, and grain, practically all commodities that are shipped in bulk are subject to loss and damage to a limited degree only; and it is largely because of this fact that the carriers are willing to accept such commodities when not in containers.

On the other hand, most of the other articles of commerce that go to make up the average run of freight are subject to loss or damage in a much greater degree, and it is because of this increased risk that the carriers require that such articles be packed.

The degree of risk incident to transportation is so vitally affected by the manner in which an article is prepared for shipment, that it will be well to consider the effect of packing upon the classification of an article.

How Packing Affects Rating.—Packing affects, primarily, the degree of risk to which an article is subject, and secondarily, the utilization of space, ease of handling, and other lesser considerations. While packing in and of itself can hardly be considered as a principle of classification, it has such a vital bearing upon certain principles, notably risk and bulk, that it is frequently of controlling importance.

Considered from one angle, packing requirements are an effort on the part of the carriers to guard against claims for loss and damage—principally damage. It follows, then, that the rating of an article is affected by the security and convenience of its packing.

Naturally, liquids in glass or earthenware containers—even tho such containers are packed in boxes or barrels—should take a higher rating than when the same kind of liquid is shipped in jacketed metal cans or in bulk in barrels, because in the former case, the risk of loss is greater.

Because of the additional risk, a refrigerator, set up, when merely wrapped should take a higher rating than if inclosed in a box or crate, as the highly polished surface of a refrigerator is easily marred by friction with other freight or thru careless handling. But if the refrigerator is knocked down, it should take a still lower rating than if set up, because of the smaller space occupied, even tho when set up it may be boxed or crated.

Small iron castings, each of which weighs less than 25 pounds, when shipped loose take a higher rating than when a number of such castings are wired together so as to make a bundle weighing 25 pounds or over. The reason for this difference is that it requires more time and costs more to handle several small separate castings than it does to handle a number in one bundle, and also because a small unit of any kind is more likely to go astray or become lost than is a larger unit.

The rating accorded coiled or spiral wire bed springs, when so compressed that each spring does not exceed one inch in thickness, makes the freight charge just one-half as great as when not compressed.

That these considerations, which may be grouped under the term "desirability of traffic," should be of influence in rating articles, is reflected in the decision of the Interstate Commerce Commission in the Western Classification Case, in which the Commission said:[1]

"The propriety of increasing the rating upon an article when it is offered loose or in bundles with practically no protection, as compared with the rating of the same commodity when boxed or otherwise fully protected, cannot be questioned. A package which is less desirable from a transportation standpoint, deserves to be given

[1] 25 I.C.C., 608.

a higher rating than one which is more desirable. The approval of this rule, however, does not sanction disproportionate and arbitrary increases in the rating of an article when offered in a less desirable package. There should be some relation between the increased rating and the increase in the risk, difficulty of handling, and other proper considerations."

Of the seven elements of classification, we have thus far discussed five. Owing to both the length of the subject and the number of test questions which the reader will want to ask concerning it, it is advisable to end the chapter at this point and to leave the last two elements, Competition and Volume of Traffic, to be considered in the next chapter.

The Gist of Chapter II

The chapter treating of the Elements of Classification is of great value in helping you to understand why there cannot be a uniform charge for carrying all kinds of freight, and the lines along which the distinction between the different kinds is drawn.

1. Cost of Service, Value of Service, Value of Property, Bulk and Weight, Risk and Liability to Damage

Is it possible to formulate a classification in which every article is so rated that the grouping represents an absolutely uniform relationship (a perfect balance) between all of the articles named?

2. Bent Plate Glass Rated Higher than Plain Window Glass

Plate glass, such as is used in china cabinets which have rounded doors and ends, must be bent to measure so as to fit the curve of the frame in which it is to be set. Usually when such lights of glass are prepared for shipment, each one is packed in a separate box or crate.

Suppose you were the traffic manager in a furniture factory, and the general manager called you to his office to explain why you O. K.'d a freight bill on a shipment

of bent plate glass which was much higher than the bill covering a shipment of plain glass which you had O. K.'d the previous day, the two shipments being of equal weight. Would you charge this distinction to the difference in the cost of service, or did value of the property enter in? Did bulk and weight have any influence? Risk and liability to damage?

3. Knocked Down or Set Up

Many of the pasteboard boxes used for commercial purposes by clothing merchants, dry cleaners, bakers, etc., are made from a flat sheet of cardboard grooved and cut so that the sides and ends may be folded up and the corners hooked together. Should the freight charge on 1,000 of these boxes be the same, more, or less, than if they were set up in box form before shipment? Justify your answer.

4. Packing

The Classification gives very complete and explicit specifications for the construction and sealing of the boxes in which cigarettes are packed for shipment.

A manufacturer of cigarettes put in charge of the shipping room a man who was ignorant of the Classification packing requirements. He packed the goods in what he considered a perfectly secure manner, but failed to fully comply with the carriers' specifications. As a result, the firms who received the goods complained that their freight bills were just double what they should have been. What was the controlling consideration in causing this higher charge?

5. Compressed Cotton

A Texas shipper of cotton found that by compressing his bales so that their weight averaged 22½ pounds or over per cubic foot, he was given a rating one class lower than when the cotton was not so tightly compressed. Upon what principle does this distinction rest?

6. *Increase in Value and Higher Ratings*

The ratings provided for household goods are contingent on the value of the goods as declared by the shipper: the lowest ratings apply when the value is less than 10 cents per pound; when the value is over 10 cents but not over 20 cents the ratings are slightly higher; and when the value is over 20 cents per pound the ratings are again raised.

What element of classification justifies scaling the ratings in this manner?

Chapter III

THE ELEMENTS OF CLASSIFICATION
(Continued)

6. Competition

There are several forms of competition to which an article may be subjected, that may affect its classification. The two principal ones are:

1. The competition with each other of articles of a like nature—such as lard with lard compounds or substitutes, soap powders with scouring compounds.

2. The competition with each other of articles not of a like kind but having a similar purpose—such as metal window frames with wooden window frames, wooden pails with fibre pails.

Before going further into this subject, it is well to digress a moment in order to get a clear distinction between what may be called the *purpose* for which an article is made, and the *use* to which it is or may be put.

This distinction is necessary because the use to which an article may be put should have no material effect upon its classification. For instance, there are types of tables that can be and are used as desks; but, from a classification standpoint this use does not make them desks, and the mere fact that they are used as desks should not affect their classification. That such a consideration should not be of material weight was set forth by the Interstate Commerce Commission when it said:[1]

> "It is well settled that rates should not be made with respect to the use to which a commodity is put."

Determining an Article's Identity.—While the use to which an article may be put does not affect its rating, the

[1]*Dupois v. F. E. C. Ry. Co.*, Unreported Opinion A-739.

use for which the article is intended, or the purpose it is represented as serving, may be used to determine its identity, and thus affects its classification.[1]

An illustration will perhaps serve to make this rather fine distinction more clear. Refined tar, which is the liquid residue of crude coal tar—distilled or dehydrated to the extent of eliminating the light oils, ammoniacal liquors, and other substances—is chiefly used in coating metal surfaces.

A refiner of crude tar sold, invoiced, and shipped to a paint manufacturer ten steel drums of "refined tar." On this shipment the rating applicable was that for refined tar. The paint manufacturer, however, without changing the tar in any way, put it in barrels and described it—both on the barrels and in advertising circulars—as "high-grade roof and iron paint." In short, he represented it as paint; therefore in shipping the material to a customer, the rating applicable on this shipment, which was so represented to the trade, was that for paint.[2]

The two shipments were of the same commodity, and when described as "refined tar," took the rating for that commodity, and when described as "paint," took the rating assigned for paint.

Examples of Articles Used Interchangeably.—Such a relationship necessarily involves a comparison of articles having a similar purpose, or which, in some cases, are intended to be used interchangeably. The following examples of articles which are commercially or directly competitive will serve to make this point more clear.

Changes in ratings on soap involve similar changes in ratings on soap extracts, soap powders, washing compounds, washing powders, and washing crystals, all of which are intended for cleaning purposes and are commercially competitive.

[1] 4 I. C. C., 41; 18 I. C. C., 205; 49 I. C. C., 367.
[2] 49 I. C. C., 367.

Changes in ratings on glue (animal product) result in corresponding changes in ratings on dextrine (vegetable product), and casein or milk curd (animal product). These articles are adhesive and produced for manufacturing purposes, and are directly competitive.

The following excerpts from arguments advanced and from the Commission's decision[1] show how competition influences the ratings assigned:

"Lard and lard substitutes, and butter and butter substitutes, and various kinds of animal, vegetable, and mineral oils, are more or less related. These articles do not all compete with one another, but many of them are used interchangeably, and almost every one of them competes with some other article in the same group.

"It is proposed to increase ratings on lard and lard substitutes. One of the main purposes of the proposed change is to bring the ratings on these commodities in closer relation to the ratings on butter and butter substitutes. The same fats, oils, and greases that are used in the manufacture of lard substitutes may be, and often are, used in the manufacture of butter substitutes, and vice versa. While lard substitutes and butter substitutes are largely used for separate purposes, they are also used interchangeably to a considerable extent, and there is therefore some measure of competition between them.

"Third class is proposed on lard and lard substitutes also, for the reason that various oils and greases from which they are made and with some of which they compete; for instance cottonseed oil and peanut oil, are, when in barrels, rated third class. Practically all oils and greases when in metal cans in boxes or crates, are now rated second class, but as a part of the readjustment they are proposed to be transferred to third class. As will be observed, the readjustment places all these commodities, except butter and butter substitutes, on a parity. The higher ratings on butter and butter substitutes are due mainly to the high value of the butter and the desirability of keeping the butter substitutes on a parity with butter.

"There is much merit in the facts and arguments advanced by protestants, but whether the grouping of fats, greases, and oils is considered from the standpoint of value, weight, or interchangeability of use, they are so intimately related as to make desirable a common basis of rating."

Raw Materials and Finished Products.—There is still another relationship existing between certain commodities that may properly be placed under the subject of

[1] *Consolidated Classification Case*, 54 I. C. C., 1, 63.

[illegible]

[illegible]

[illegible]

[illegible] raw material.

7. Volume of Traffic

In so far as the classification of freight is concerned, volume of traffic refers largely to whether or not an article or commodity will likely move in carload or less-than carload lot, altho the probable extent to which shipments will be made does to a degree affect the rating

[illegible] *Louis Cotton Oil Co., v. St. L. & B. F. R. R. Co., et. al.*, 20 I. C. C., 37, 40.

of an article. The probable extent to which shipments will move, however, has more influence in making the *rate* than in determining the *rating*, so in this discussion the volume of traffic element will be dealt with principally as pertaining to carload in contrast with less-than-carload lots.

This subject may properly be considered under two headings, namely, "Carload and Less-than-Carload Ratings," and "Minimum Weights Applicable to Carload Shipments." The divisions will accordingly be discussed under their respective titles.

Carload and Less-Than-Carload Ratings.—It is not difficult to understand that when the ordinary run of freight shipments can be loaded so as to utilize all the space in a car to the best advantage, the cost to the carrier of transporting each unit in the car is much less than if the same shipments were carried in several cars, each being loaded from one-third to two-thirds full. Unfortunately, tho, in carrying small shipments for a large number of shippers, the full utilization of car space is seldom possible.

There are several reasons for this, among them being the insufficient number of small shipments offered, the irregular sizes and shapes of the packages, and the danger of the heavier articles, damaging the lighter ones —all of which prevent the proper filling of a car.

Also, anyone who has had occasion to observe the handling of freight on a local freight train, knows that the train stops at almost every station for the purpose of unloading merchandise consigned to that particular point, and loading such freight as may be there awaiting shipment.

Accordingly, in loading a "merchandise car" to move in a local train, space must be allowed to permit the loading of additional freight even before any is unloaded. Moreover, the freight must be loaded in "station order," that is, so that a shipment may be readily accessible when

the train reaches the station to which the shipment is destined.

It is true that not all small shipments are handled in this manner, as the carriers operate so-called "thru package cars" between large shipping centers. Such cars are usually heavily loaded and sent straight thru to destination, but the carrier has the expense of loading and unloading (naturally it costs more to handle packages of miscellaneous sizes than those of a uniform size that "stow" well); of providing necessary freight houses, platforms, and other terminal facilities; and of performing the large amount of clerical work necessitated by the handling of numerous small shipments.

If, on the other hand, a single shipment is of sufficient volume to fill a car, the carrier may furnish a car for that one shipment—the shipper to load the freight and the consignee to unload it. As the cost of handling one such carload shipment is materially less than the cost of handling a carload made up of a large number of small shipments, it is but reasonable that the advantage to the carrier should be reflected in a corresponding advantage to the shipper. Therefore, lower ratings are provided for many articles when they move in carload quantities than when they move in smaller units.

Early in its history the Interstate Commerce Commission went on record as acknowledging the propriety of special ratings for articles carried in carload lots. Thus it stated:[1]

"That a reasonable, fair, and just difference may be made in proportion to quantity hauled of the same article in a full carload and in less-than-carload lots, and the respective rates charged upon each according to weight, is a principle that has been often recognized by the Commission. That the rate maker may, and in fact should, take into consideration * * * such controlling conditions, in preparing a classification, as bulk and space occupied, the weight of the article as compared with its dimensions, its value, whether it can be so loaded into a car as to make a full carload, and whether, as a matter of fact, it is hauled in carloads are each and all true."

[1] *Harrard Co. v. P. R. R. Co.*, 3 I. C. Rep., 257, 261.

And further:[1]

"It is obvious that the actual expense of handling less-than-carload business is greater than it is for carload traffic. The carload is generally loaded and unloaded by the shipper, while the less-than-carload is handled at both ends by the carrier. In the former case there is but one entry for each carload, while in the latter there are from 25 to 150 for each car, which must be extended upon all the books where a minute of the transaction is entered. The expense of providing station facilities is very much greater in the case of less-than-carload business.

"In addition to the difference in expense at the terminals, the actual cost of hauling is much more in the less-than-carload than in the carload. A crew of trainmen average more miles in doing carload business than when distributing less-than-carload traffic from station to station. The loading of carloads is very much heavier than that of less-than-carloads, from which it results, first, that less nonpayment weight is hauled in carload traffic, and second, that the car is more nearly used up to its capacity."

What Entitles a Commodity to a Carload Rating.—As it is apparent that carload ratings should be relatively lower than less-than-carload ratings on the same article, the question arises as to when an article should be given a carload rating. We quote the discussion of this subject as given in the decision in the Western Classification Case:[2]

"We desire here to direct attention to the fundamental question: When is a commodity entitled to a carload rating? Western Classification No. 50 gives mousetraps a carload rating, and No. 51 denies it. No. 50 denies a carload rating to caraway seed, and No. 51 grants it. No. 50 grants a carload rate on birdseed, and No. 51 denies it. In No. 51 there are carload ratings on shoe pegs and dog biscuits, while No. 50 contains no such ratings. Upon what basis should such questions be decided?

"It is apparent that a manufacturer who can ship mousetraps by the carload has an advantage over the manufacturer who cannot do so, to the extent of the difference between the carload and the less-than-carload rate minus the cost of loading and unloading. The mousetrap being an article of general use, but restricted volume of demand, can conceivably be manufactured in many localities to supply a local market. Shipments by the local manufacturer to near-by distributing points would naturally be in less-than-carload quantities and at less-than-carload rates.

[1] *Business Men's League* v. *A. T. & S. F. Ry. Co., et. al.*, 9 I. C. Rep., 318, 345.
[2] 25 I. C. C., 442, 464.

"If, now, a distant manufacturer can secure a carload rating and ship into this local territory thru his jobbers, he may possibly drive the local man out of the field, and to that extent and in this respect the carload rating leads directly to concentration. On the other hand, a denial of a carload rating on mousetraps might prevent a superior kind of trap from being introduced in territories which are now provided with only an inferior trap, locally manufactured, and sold at a high price. Assuming that people are entitled to the best quality of mousetraps at the lowest price, the conclusion follows that the carload rating of mousetraps has a tendency to improve the quality of traps and to reduce their price to the users.

"The conclusion in which argumentative considerations relating to this question reach a point of equilibrium appears to be this, that a carload rating should be established for a commodity when that commodity can be offered for shipment in carload quantities, unless public interests or other valid considerations require the contrary. It might be suggested that there should be a reasonable prospect of a minimum number of carloads within a certain period of time, but this leads to arbitrary limitations when such limitations are not inherently necessary. Assuming a proper relation between carload and less-than-carload rates, the establishment of carload ratings whenever carload quantities are offered will, we believe, meet the needs of new and growing lines of industry without discrimination."

Another important consideration justifying the carload rating is that it is of benefit to the shipping public inasmuch as it has a tendency to broaden markets. If a manufacturer can ship his product under carload rates, which, as has been pointed out, are lower than less-than-carload rates, he not only can build up a greater volume of trade, but can broaden his markets by shipping to points further from the point of production than if the product had to move under less-than-carload rates.

As stated by the Commission in another case:[1]

"Because of the long-continued practice of carriers to which the commerce of the country had adjusted itself, the Commission early in its history accepted as valid and justified a carload rate that was less proportionally than the rate on a less-than-carload shipment of the same commodity."

Minimum Carload Weights.—Having determined that it is proper to establish a lower rating for a carload shipment than for a less-than-carload shipment of the same

[1] *Carstens Packing Co.* v. *O. S. L. R. R. Co.*, 17 I. C. C., 324, 328.

article, it becomes necessary to define the word *carload* so that there may be no opportunity for unfair discrimination. This is accomplished by establishing a *carload minimum weight*, which is the least weight upon which a carload rating or rate can be applied. If no minimum weight were established upon which to apply a carload rating, it would be possible for a shipper to order a car for his exclusive use and to load into it a small shipment weighing only 200 or 300 pounds.

It can readily be seen that to have a car which was loaded in this manner sealed and forwarded to destination as a carload—with charges paid according to the carload rating on the basis of the actual weight of the shipment—would prove highly unprofitable to the carriers, and detrimental to the interest of shippers in general. There would be no limit to the number of freight cars necessary to serve the country, if shippers could, without restriction, procure a lower transportation cost by reserving cars for their exclusive use than by permitting their shipments to be combined with other shipments.

Unless a single shipment is of sufficient volume or weight to utilize properly the loading capacity of a car, it works a hardship on the carrier to reserve a car for the exclusive use of that shipment. The carrier must have assurance that the revenue derived from the use of such a car will represent a fair return for the service rendered.

In order, therefore, to insure such adequate return, whenever a rating is published to apply on a carload shipment of any article, there is shown in connection therewith the minimum weight upon which the carload rating may be applied. To illustrate: The rating that applies on a less-than-carload shipment of books is much higher than the rating that applies on a carload shipment of books; but the less-than-carload rating applies on the *actual* weight of the small shipment, even tho that weight be but 100 pounds, while the carload rating cannot be used in connection with a weight less than 30,000 pounds,

which is the carload minimum weight on books. Suppose the shipment of books weighs 5,000 pounds. The charge for transportation would be less if the less-than-carload rating were assessed on the actual weight than if the charge were assessed on the carload minimum weight of 30,000 pounds at the carload rating. While the carload rating per 100 pounds is lower than the less-than-carload rating, the 5,000 pounds would cost more on the carload basis, because the minimum carload charge is assessed at 30,000 pounds.

Of course, had the shipment weighed 30,000 pounds or more, the carload rating assessed on the actual weight would make a lower charge than the less-than-carload rating at the actual weight, as the carload rating is lower than the less-than-carload rating. In this manner, the carriers forestall the individual use of cars for small shipments, and at the same time establish a guaranty of a fair return whenever cars are thus reserved for a single shipment.

Different Minimum Weights.—The weight which can be loaded into a car of given dimensions is not the same for all articles. While it would easily be possible to load as much as 36,000 pounds of canned vegetables into a standard car,[1] 12,000 pounds of empty tin milk cans might completely fill it. It is evident, therefore, that it is not possible to establish one minimum weight to apply in connection with all carload ratings, but that for each article to which a carload rating is assigned, a minimum weight must be determined which shall represent the quantity of that commodity which, under normal conditions, may be loaded into a standard car.

The effect of naming a minimum weight greater than can ordinarily be loaded, is equivalent to raising the rating assigned that commodity, and the Commission has denounced such practice:[2]

[1] A standard car is 36 feet long, 8 feet high, and 8 feet, 6 inches wide.

[2] *The National Hay Association* v. *L. S. & M. S. Ry. Co., et al.*, 9 I. C. Rep. 264, 305.

"It would manifestly be unjust, under any rule as to minimum loads or otherwise, to charge for weight not carried in a car which the carrier has furnished and in which on account of its size and the nature and bulk of the freight, the required minimum cannot be loaded. There may, of course, be some exceptions to such a rule in a case where the freight is extremely light in weight in comparison with its bulk and of such character as to forbid close packing, but it has proper application to general freight which is usually capable of being shipped in bulk or in bales or in boxes."

The carload minimum weight is fixed principally with reference to the average amount of the commodity which can be loaded into a standard car. The carriers, however, have many cars which are larger than the standard. In loading articles which are shipped in small units or which have not definite shape, such as brick, grain in bulk or in sacks, potatoes, etc., it is evident that the loading capacity of the car increases as the length of the car increases. If such commodities are shipped in cars of extra size, the actual weight will ordinarily exceed the prescribed minimum sufficiently to render satisfactory return to the carrier.

There are, however, many other articles such as furniture, empty packing cases, and vehicles, which do not load compactly. The space which they occupy is frequently such that an increase in the length of the car does not result in a proportionate increase in the weight of the shipment. It has, therefore, been found advantageous to both shippers and carriers to prescribe a sliding scale of minimum weights to apply in connection with articles of this character, generally termed "light and bulky articles," when forwarded in cars other than the standard length. The Interstate Commerce Commission, has said:[1]

"Classification should aim to provide for the most economical movement of freight, and to this end provision should be made for the utilization of equipment other than standard under properly related charges."

The point at which the carload minimum is fixed is obviously a matter of great interest to both carriers and

[1] *Minimum charges on Bulky Articles*, 38 I. C. C., 257, 261.

shippers. The higher the minimum can be fixed without retarding the flow of traffic, the greater the return to the carrier. On the other hand, to the shipper and receiver of freight, a high minimum often means that the less-than-carload rates must be used, as commercial conditions frequently affect the amount of goods which a merchant can conveniently handle. A merchant in a small city can conveniently handle 20,000 pounds of flour, but could not as conveniently handle 40,000 pounds, on account of the additional space required for storage, the additional time required to dispose of the flour, and the additional capital involved in the purchase.

Shippers Favor Low Minimum Weight.—The average shipper is therefore in favor of a low minimum weight. The interests of the public and the railways are, in this matter, apparently in opposition. Of course, in so far as the benefit of permanent operating economics are distributed to the customers of the railways in the form of reduced rates, the larger car and the higher minimum load, favoring, as they do, more economical handling, are of ultimate advantage to the shipper; but the point is soon reached where a high minimum more than offsets a small reduction in rates.

While car capacity has a large influence in determining the carload minimum that shall be applied to each commodity given a carload rating, commercial considerations have a very direct bearing in many instances. Commodities practically identical for transportation purposes have been assigned different minimum weights, because, in the one case, a relatively high minimum was compatible with the customary commercial conditions of shipment; whereas, in the other case, such a minimum would severely handicap the shipper on account of the nature of the trade generally.

The Commission makes the following reference to the consideration of commercial as well as physical conditions:[1]

[1] *Western Classification Case*, 25 I. C. C., 442, 443.

"Carriers should take into consideration both the physical minimum and the commercial minimum in deciding upon a classification minimum to govern carload shipments thruout the country, and provide themselves with cars of corresponding sizes. What these shall be must be determined in the light of all the facts applicable to each individual case. The physical minimum is that minimum which represents the weight or bulk quantities which can be loaded into a car. The commercial minimum is that minimum which represents the unit of purchase and sale of the commodity in question as established by custom, and the conditions existing in that trade and in the territory in which it governs at the time the minimum was established. The physical minimum would consider only physical loading capacity, while the commercial minimum would consider in addition, trade requirements and conditions of manufacture, distribution, and consumption."

The Gist of Chapter III

The elements of classification dealt with in Chapter III are somewhat different from the ones discussed in Chapter II. Competition and Volume of Traffic are not qualities of the articles themselves, but are external conditions which help to fix the transportation price which an industry must pay, and the price at which the railroad must furnish the necessary service.

1. Purpose

Would the ratings accorded linoleum, floor oilcloth, or cork carpeting be influenced by the ratings accorded the other articles in this group? Why?

2. Raw Materials v. *Finished Product*

What relationship might be expected to exist between the ratings on wooden axe handles and the ratings on the lumber from which the handles are cut?

3. Carload and Less-than-Carload Ratings

Give three arguments in favor of according lower ratings to articles when moving in carload quantities

than to these same articles when moving in less-than-carload quantities.

4. Minimum Weight

If you were shipping 100 unabridged dictionaries, why would it cost less if you used the less-than-carload instead of the carload rating? Which would be the proper rating to use if the shipment weighed 30,000 pounds?

5. When Is a Commodity Entitled to a Carload Rating?

Which of the following articles do you think should be provided with carload as well as less-than-carload ratings: potatoes, cameras, wooden fence posts, dental cement? On what grounds do you make the distinction?

6. Fixing Minimum Carload Weights

Which of the following articles—anthracite coal, wrapping paper, bamboo furniture—do you think should be given the highest minimum weight? The lowest? On what do you base your opinion?

Chapter IV

THE ELEMENTS OF CLASSIFICATION

(Concluded)

Of the seven principal elements discussed in the preceding chapters, the last was Volume of Traffic. Before we can say, however, that we have thoroly covered the subject of the effect of volume of traffic on the classification of freight, we must consider three subordinate, related elements. These three are:

1. Spread between Carload and Less-than-Carload Ratings
2. Any-Quantity Ratings
3. Trainload Lots

1. Spread between Carload and Less-than-Carload Ratings

While, as suggested before, the spread or gap between carload and less-than-carload ratings is, strictly speaking, not a major element of classification, it nevertheless deserves consideration. In the Western Classification case the Commission urged the establishment of just relations between carload and less-than-carload quantities in accordance with some consistent principle.

"It appears that an excessive difference between the carload and the less-than-carload rates on the same commodity, results in an undue preference to the carload shipper of that commodity. Both the assignment of a commodity to its place in the classification, and the tariff rate made applicable to the respective classes by individual carriers, determine the relationship of carload to less-than-carload shipments expressed in dollars and cents, which, after all, is the relationship which interests the public.

"It appears to us that one of the great purposes in the construction of a uniform classification should be the establishment of just relations between carload and less-than-carload quantities in accordance with

[1]25 I. C. C., 442, 465, 467.

some consistent principle thruout the classification and the rate schedules which may be constructed upon it. All the different factors which enter into the establishment of a rate should be considered in the establishment of this classification and tariff-schedule relationship. One of these elements which appears so frequently to be overlooked, is the difference in cost to the carriers of conducting the carload and the less-than-carload traffic. This cost should be ascertained as accurately as possible, and due weight given to it in determining the classification and rates for less-than-carload quantities as compared with carload quantities."

2. Any-Quantity Rating

An "any-quantity rating," as its name indicates, is a rating assigned to an article or commodity irrespective of the quantity that may comprise any one shipment; in other words, a rating which disregards the distinctions between the less-than-carload and the carload divisions.

Such a rating is usually assigned to commodities or articles which, by reason of their nature or characteristics, do not move in carload quantities; or by reason of the fact that their utility or use is limited, or that the trade has not yet been developed to the extent that carload lots are offered for transportation. Examples of articles and commodities taking any-quantity ratings are birdseed, cameras, cigars, cigarettes, etc. It frequently happens, however, that the volume of trade in the particular article or commodity increases to the extent that carload lots are tendered the carriers. In such cases, when it can be shown that the carload movement is apt to be permanent, less-than-carload and carload ratings are usually established.

There are certain articles or commodities, notably shoes and cotton, which are assigned any-quantity ratings, notwithstanding the fact that they sometimes (and in some instances frequently) move in carload quantities. This situation exists for the reason that commercial conditions have been built on the any-quantity basis, and any change in the basis of rating would seriously disturb trade practices.

3. Trainload Lots

If the reduced operating costs of the carrier constitute a justification of the lower ratings assigned to carload shipments, why should not the principle be carried out to a logical conclusion and still lower ratings be granted to commodities shipped in trainloads?

In a trainload consisting of cars which are destined to various points, and therefore require reclassification in the freight yards, the reduction of operating cost would not be sufficiently great, perhaps, to justify a difference in rating. But where the trainload is billed to a single consignee at one point of delivery, there is unquestionably a very appreciable saving to the carrier in the expense of handling. Cost-of-service considerations are overruled, and trainload ratings refused, however, on the ground that they would be opposed to public welfare. Industries in which such shipments were practicable could then be controlled by a few large concerns. This would give rise to monopolies and trade agreements unfavorable to the consumer. The Commission has stated:[1]

> "The mere fact that certain traffic is hauled in trainload lots cannot be made the basis of rates different from those applied to shipments in single carloads. This is upon the theory that to permit the practice would be in effect to allow lower rates upon a condition which only a few shippers can comply with, and to do an injustice to those unable to ship the required quantity."

Summary of Elements of Classification

In summing up the foregoing discussions, it is advisable to stress the fact that an element of minor weight under certain circumstances, might be of major weight under other circumstances. Circumstances alter cases, and in classifying freight, the influence of each element is governed by the concrete facts surrounding the individual case.

[1] *Wells Lumber Company* v. *C. M. & St. P. Ry. Co.*, 38 I. C. C., 464, 465.

As has already been stated, the Interstate Commerce Act places upon the carriers the duty of classifying freight. In fulfilling this duty it is incumbent upon the carriers so to classify such traffic and so to distribute the burden of transportation, that each division shall bear its proper share. As has been well stated by the Commission:[1]

"Manifestly, in determining what freight rate shall be borne by different commodities, an attempt should be made to obtain a fair relation between these commodities; and a classification which utterly ignores all such considerations or which utterly fails to give due weight to such considerations, is unjust and unreasonable."

In another case the Commission said:[2]

"That is the governing principle of a freight classification, and it arises under the obligation imposed upon carriers by the statute not to charge unreasonable or unjust rates, or to impose any unjust discrimination or undue prejudice in any respect whatsoever."

That the present-day classification of freight has been built up without rigid adherence to any set of fixed principles, admits of no dispute. In the words of the Interstate Commerce Commission:[3] "Classification is an art or science in itself."

To call classification a science would seem to imply the rigid application of certain well-defined laws or rules, whereas, if it is viewed as an art, greater leniency and modification to meet the requirements of commercial conditions are permissible. Certainly, in the history of classification practice the art of compromise has been much in evidence. The early schedules, crudely arranged to suit passing needs, were readjusted here and there, one time and another, to meet changed conditions, but without very consistent application of any fixed principles.

Later issues were evolved from these earlier ones, thru a series of compromises underlying which it would be difficult to trace even a theoretically scientific adjustment

[1] *Nathan Myer* v. *C. C. C. & St. L. Ry., et. al.*, 9 I. C. Rep., 78.
[2] *The National Hay Association* v. *L. S. & M. S. Ry., et. al.*, 9 I. C. Rep., 264, 304.
[3] *Chas. R. Ball Lumber Co.* v. *T. & P. Ry. Co., et. al.*, 25 I. C., Rep. 437, 453.

Frequently the group assignments, which might otherwise have been made, were disturbed by the force of competition between the carriers themselves, particularly when operating under different classifications, or by modifications made necessary thru consideration of the industrial relations of commodities.

In recent years, however, competition between carriers has been given no consideration, and the making of classifications has been subject to greater refinement. The provisions of the classifications have been given greater scrutiny to the end that articles which under the early issues were classified on bases which were inconsistent with transportation characteristics and the classification elements surrounding them, have been reassigned to other classes.

It must be understood that freight classification as a whole can never reach a fixed position. New commodities are constantly entering the market, and require specific classification; commodities already classified change in their nature, or the groupings are disturbed. In short, classification is always in a state of change, and must necessarily be so in order to keep up with the march of progress.

Gist of Chapter IV

Sooner or later you will be called on to settle questions based on the discussions in this chapter. These topics are vital to every man interested in traffic work; arguments given here will doubtless suggest others, and it is good practice to line up as many as you can.

1. No Carload Ratings

Why have the carriers not provided carload ratings for cameras and bird seed?

2. Trainload Ratings

On what ground has the I. C. C. ruled against the establishment of ratings for trainload lots?

Chapter V

EVOLUTION OF CLASSIFICATION SCHEDULES

As has already been stated, the origin of freight classification in the United States antedates the first railroads. The early stagecoach and wagon routes had a very crude method of classifying freight into two divisions: light and heavy articles. On the former, charges were quoted on a cubic-foot basis, and on the latter, on a 100-pound basis. The canal companies had a somewhat more detailed division, and the first railroad classifications were modeled largely after these. The schedules of these early days of railroading were simple and crude. The articles of commerce offered for transportation were few in number and could be transported only short distances. There was little interchange of traffic between the different railroads. Each carrier made its own schedules of charges without reference to those maintained by other lines. As a result, the schedules differed widely in the number of the classes, the articles listed, the bases for charges, and in general form.

Multiplicity of Early Issues.—As the number of railroads and the amount of traffic increased, the number and diversity of the classifications increased. It has been estimated that there were at one time as many as 138 distinct classifications in the eastern section alone of the United States, each built up independently of all others, to serve the needs of the particular road to which it applied.

Great confusion resulted. Shippers and even the carriers themselves found it difficult to determine correct charges. The owners of the freight were frequently subjected to the payment of charges greatly in excess of what they had anticipated, and had no definite basis on which to demand an adjustment.

Movement toward Simplified Classifications.—This dissatisfaction of the shipping public, together with the tendency toward railroad consolidations and the formation of thru routes over connecting lines, brought about efforts on the part of the carriers toward fewer, simpler, and more uniform classifications. The first big step in this direction was the formation, in 1882, of the "Joint Western Classification," which was adopted by certain roads running west from Chicago and each succeeding year saw it adopted by additional western roads.

The movement toward reduction in the number of classifications continued steadily, but was given a marked impetus by the passage of the Act to Regulate Commerce. The very day on which the Act went into effect, April 5, 1887, was marked by another important step toward uniformity—the adoption of the "Official Classification" by approximately eighty-seven of the carriers operating north of the Ohio and Potomac rivers and east of a line roughly drawn from Chicago to St. Louis. By 1889 lines south of the Ohio River and east of the Mississippi River had adopted the Southern Railway and Steamship Association Classification.

The adoption of these three great territorial classifications—Official, Southern Railway and Steamship, and Joint Western—completed the framework of the present interstate classification structure, composed of the Official Classification, the Southern Classification, and the Western Classification.

It will be noted that the term "Official" does not mean that the other two classifications—Southern and Western—are *not official*, but is merely an arbitrary title fixed at the time the Official Classification was adopted.

Efforts to Secure Uniformity in Classification.—From its very beginning the Interstate Commerce Commission recognized the importance of a uniform classification to govern the movement of freight in all parts of the country,

and in 1888 clearly stated its position in the following summary:[1]

"1. Uniformity in classification, as fast and as far as it can be accomplished without serious mischiefs, is desirable.

"2. There is gratifying progress in the direction of unification, and it has been very marked within the last year.

"3. So long as the carriers appear to be laboring towards unification with reasonable diligence and in good faith, it is better that they should be encouraged and stimulated to continue their efforts than that the work should be taken out of their hands.

"4. In view of the mischiefs that would flow from sudden changes, ample time should be given for the purpose. Uniform classification can be wisely and safely made only by careful study and deliberate action, and the adjustment of rates to it needs corresponding caution and deliberation."

Soon after the passage of the Act to Regulate Commerce, representatives of the eastern and western lines met for the purpose of unifying the Official and Western Classifications. Unfortunately, just at this time a series of rate wars interrupted the harmony between the interested lines, and nothing was accomplished. The next year (1888) a resolution was passed in the House of Representatives requiring that the Interstate Commerce Commission should prescribe a uniform classification by January 1, 1889.

This resolution was not acted upon by the Senate, representations having been made that if the railroad companies were given further time, they would obviate the necessity of congressional action. Prompted by the probability of legislative action, and urged thereto by pressure constantly brought to bear by the Commission, a convention of traffic officials of transportation companies met in December, 1888, for the purpose of considering uniformity of classification. This convention selected a standing committee of sixteen members, two from each of eight traffic associations, whose duty it was to endeavor to combine the existing classifications in one general classification. A great deal of work was done

[1] *Second Annual Report*, I. C. C., 1888, 41.

by this committee, and in June, 1890, a classification was agreed upon and recommended for adoption by all the roads on January 1, 1891.

Delay in Securing Uniformity.—Unfortunately, the proposed uniform classification failed to receive the approval of certain of the interested associations.[1]

"When January, 1891, came, the time fixed for the adoption of the proposed uniform classification was postponed until March 1, 1891, at which time no action was had. With March 3 came the adjournment of Congress, and with its adjournment all further efforts on the part of the carriers toward a uniform classification came to an end."

The lack of success of this important work was disappointing to the Interstate Commerce Commission, as it had consistently advocated a uniform classification that would be worked out and agreed upon by the carriers themselves. In its report to Congress in December, 1891,[2] the Commission indicated that it did not feel justified in asking for the further efforts of the carriers the same measure of indulgence which from time to time it had theretofore suggested should be extended and which was thought to be required in the public interest.

The Commission urged that legislation be enacted which would compel the railroads to adopt a uniform classification within one year, or, in default of such action, would authorize the Commission or some other public authority to do so. In annual report after annual report, this attitude was steadfastly maintained.

Efforts toward Uniformity Resumed.—Finally, the railroads took up the problem again. A committee of fifteen traffic officers, five from each classification territory, was appointed in 1907. After devoting three months to investigating the question, this temporary committee reported that while it failed to agree with the Commission that uniform classification was immediately practicable, it was of the opinion that uniformity could

[1] *Western Classification Case*, 25 I. C. C., 442, 457.
[2] *Fifth Annual Report*, I. C. C., 1891, 33.

ultimately be worked out along intelligent and satisfactory lines.

In order to make the three territorial classifications uniform it was necessary that they be remodeled in five different respects, viz.:

1. Rules and Regulations
2. Description of Items
3. Minimum Carload Weights
4. Number and Designation of Class Divisions
5. Assignment of Items to These Divisions

The committee concluded that uniformity in the matter of rules, description of articles, packing requirements, and minimum carload weights was possible; and as such standardization would do much to improve classification conditions, recommendation was made that a permanent committee be appointed to accomplish it. Accordingly, in April, 1908, the carriers appointed a committee of twenty-one executive traffic officials. This committee, in turn, organized a working committee of nine men, three from each of the classification territories, who gave their whole time to the task of revision.

The committee on uniform classification did a great amount of work. Its members sought information at first hand thru numerous conferences with shippers and by personal visits to manufacturing plants and districts. As the committee reached agreement on the various points considered, recommendations were made to the territorial classification committees. Some of the recommendations thus made were adopted and incorporated into the classifications, while others, for one reason or another, were not approved.

After many years of untiring effort on the part of the committee approximately 82 per cent of the Official, 73 per cent of the Southern, and 87 per cent of the Western Classifications, respectively, had, in so far as the item descriptions[1] were concerned, been made to conform with

[1]Item description includes kind of article or commodity, packing specifications, and minimum and estimated weights.

the uniform recommendations. But the final and more difficult step, the adoption of identical divisions, containing identical items, had progressed but little.

It had become more and more evident that under the prevailing conditions a classification uniform in all respects could be evolved only by setting aside entirely the classifications then in use, and recasting the whole system in accordance with well-defined principles and without reference to the existing classifications. Such a sweeping change was not and has not been deemed advisable, as it would almost of necessity result in widespread commercial disturbances.

Because the location of most large industries is predicated on the transportation cost of fuel, raw materials, and distribution of the finished product, a considerable change in any one of these items of cost might prove disastrous. This would be true particularly in cases where the change worked to the disadvantage of industries located in one community and did not similarly affect the producers of like commodities in another community.[1]

The Consolidated Freight Classification.—Under authority conferred upon him by the army appropriations bill of 1916, the President of the United States, on December 26, 1917, issued a proclamation placing the majority of the railroads in the United States under federal control, and appointed a Director General of Railroads to act as his representative and be the controlling head in the operation of the railroads and matters pertaining to traffic. Thus was brought about the temporary centralization of authority to such an extent that the Director General of Railroads had the power to subordinate to the general good the various and ofttimes conflicting interests of the individual rail carriers. This presented an opportunity of taking a long step toward a uniform classification over practically the entire United States.

[1] An interesting history of the attempts to secure uniformity in classification, which shows how a consolidated classification was finally accomplished, is contained in the report of the Commission in the Consolidated Classification Case contained in Vol. 54 of the Commission's reports.

Any long-continued controversy, in which the interests of the contestants cannot be reconciled, usually results in a compromise. It had become apparent to the Interstate Commerce Commission, in view of the progress already made, that a complete unification of the rules and description of articles in the Official, Southern, and Western Classifications was feasible. Accordingly, early in 1918, the Commission asked the carriers why they could not, by January 1, 1919, or sooner, consolidate the three general classifications into one volume containing one set of uniform commodity descriptions with three rating columns, one for each territory, and with one set of standardized rules.

Shortly thereafter, the Director of Traffic, Railroad Administration, after conferring with the Commission, appointed a special committee of experienced classification men to carry out the work of formulating a consolidated classification. This special committee consisted of five members, being composed of the chairman of the committee on Uniform Classification, the chairmen of the Official and Western Classification committees, a member of the Southern Classification Committee, and the Commission's classification agent.

The committee prepared a "Proposed Consolidated Classification," which was submitted to the Interstate Commerce Commission by the Director General of Railroads, with the request that the Commission make recommendations as to the advisability of adopting it. Shortly after the preparation of this Proposed Consolidated Classification, the Uniform Classification Committee, organized in 1907, was abolished.

While the framing of the Consolidated Classification was not intended as a revenue measure, either upward or downward, the unification of the rules and descriptions, particularly in so far as minimum weights were concerned, could not be accomplished without affecting revenue. Changes in ratings were made by the special committee

in charge of the work, only where changes in descriptions made this necessary. The representative of each classification committee, however, undertook a realignment of ratings in his own classification. In doing this, the desirability of uniformity was evidently kept in view.

The number of changes thus brought about in the three classifications are indicated by the table below[1].

Nature of Changes	Number of Changes in the Classification			
	Official	Southern	Western	Total
Increase in Ratings	890	2,574	393	3,857
Reduction in Ratings	478	898	464	1,840
Carload Ratings Eliminated	136	1	4	141
Increases in Minimum Weights	342	599	194	1,135
Reductions in Minimum Weights	229	73	61	363
Carload Minimum Weights Subject to the Graduate Scale	39	49	132	220
Additions or New Items	1,144	1,665	425	3,234
Total	3,258	5,859	1,673	10,790

The Commission instituted, held, and completed public hearings, and made certain recommendations to the Director General. The recommendations of the Commission, where made, were, with some exceptions, followed by the Director General and the carriers in formulating Consolidated Freight Classification No. 1, which was published December 10, 1919, and became effective December 30, 1919.

The Consolidated Classification is not a uniform classification in the full sense of the term, because all the ratings are not uniform, and the identity of the Official, Southern, and Western Classifications is preserved. In other words, from a legal or technical standpoint, it is three classifications in one volume, but it nevertheless represents a long step toward complete uniformity, which some day may be brought about.

[1] 54 I. C. C., 5.

Quiz on Chapter V

Present conditions often appear very complex and difficult to understand before we know how they came about. A short sketch of how the railroads have issued their classifications since they first began to carry freight, explains many of the points in freight classification at the present time.

1. *Disadvantages of Numerous Classifications*

How would a large number of separate classifications, each applying over only a small territory, affect you if you were the traffic manager for a mail order house trying to build up a business extending over the whole country?

2. *Efforts to Secure Uniformity*

Summarize the attitude of the Interstate Commerce Commission toward uniform classification, as expressed in its second annual report.

3. *Changes Necessary to Bring about Uniformity*

In what five respects did the existing classifications differ from one another at the time the work on the Consolidated Classification was undertaken?

4. *Harmful Results of Radical Changes*

How might an entirely new classification built along scientific lines, without reference to existing relationships, work to the advantage of a plant located at one point and to the disadvantage of a competing plant located at another point?

5. *Consolidated Classification not a Uniform Classification*

The Official, Southern, and Western Classifications, which were formerly published separately, are combined in the Consolidated Classification. In what respects is this consolidated issue not a uniform classification?

Chapter VI

FREIGHT CLASSIFICATIONS AND THEIR APPLICATION

How the process of elimination and absorption of individual lines' classifications finally resulted in a division of the United States into three great territorial classification groups, has already been explained. The section of the country north of the Ohio and Potomac rivers and east of Lake Michigan and the Illinois-Indiana state line, is Official Classification Territory; south of the Ohio and Potomac rivers and east of the Mississippi River is Southern Classification Territory, and the remainder of the country is Western Classification Territory.

Boundaries of Classification Territories.—While these boundaries[1] portray the grouping in a general way, they should not be interpreted too literally. The history of classification development indicates that a classification reflects the traffic requirements of the carriers in whose behalf it is issued. There is no definite line which marks the termination of the Western and the beginning of the Official Classification lines. As the territory in which these different lines operate overlaps in many instances, the jurisdiction of the territorial classifications also overlaps. This condition is strongly reflected in the state of Illinois, which is a sort of "no man's land" claimed by the eastern carriers as belonging to Official Classification Territory, and by the western carriers as belonging to Western Classification Territory.

Application of Classifications.—The exact boundaries of the classification territories are relatively unimportant, for one of the requirements of the Interstate Commerce Commission is that every class-rate tariff shall show the name of the classification by which it is governed.

[1]Refer to *Atlas of Traffic Maps.*

It rests with the carrier or carriers issuing such a tariff to decide which classification is best suited to the requirements of the tariff which it covers. and the classification to apply on a particular shipment is determined *by the classification specified in the tariff carrying the rate* and *not* by the territory in which the shipment moves.

As a general rule, each of the three major classifications governs interstate shipments moving wholly within the area bearing its name. For example, the Official Classification governs business moving between New York City and Cleveland, Ohio; the Southern Classification, business moving between Knoxville, Tenn., and Atlanta, Ga.; and the Western Classification, business moving between Kansas City, Mo., and Dallas, Tex. This, however, does not signify that one of the other classifications may not govern shipments moving to or from such territory, for there are numerous cases in which one classification does apply to some extent in another territory.

Published Thru Rate* v. *Combination Rate.—When there is a published thru rate applying between two points, one classification governs the entire haul, whether or not both points are in the same classification territory. If, however, no thru rate is published and two or more separate rates must be used to determine the thru charge, such separate rates, carried in different tariffs, *may* be governed by different classifications. As stated above, a classification applies only as shown by the tariff carrying the particular rate, either the published thru rate or the separate rates covering each part of the movement.

Illustrating the published-thru-rate phase, there are published-thru-class rates applying on shipments originating at New York, which is in Official Classification Territory, when destined to San Francisco, which is in Western Classification Territory. In such a case, the tariff naming the thru rate states that it is governed by the Western Classification; hence the Western Classification governs the entire way from New York to San Francisco.

Illustrating the no published-thru-rate phase, there is no published thru class rate applying on a shipment originating at New York City when destined to Lincoln, Nebr.; but the thru rate is arrived at by adding the rate from New York to St. Louis, shown in one tariff, to the rate from St. Louis to Lincoln, shown in another tariff. The first tariff shows that the rate is governed by the Official Classification, while the second one shows that it is governed by the Western Classification. Therefore, the Official Classification would apply from New York to St. Louis, and the Western Classification from St. Louis to Lincoln.

The general application of the three interstate classifications will now be briefly described, but it must be understood that the information given really represents in a very general way the requirements of the tariffs governing the various traffic movements, and one must always be on the lookout for exceptions.

Official Classification.—The Official Classification, as a rule, governs interstate shipments moving entirely within Official Classification Territory. It also governs between Official Classification Territory and Eastern Canada.

To a considerable extent, it governs between Official Classification Territory and points west of Lake Michigan, as far as St. Paul and Duluth, Minn.

Southern Classification.—The Southern Classification, as a rule, governs interstate shipments moving wholly within Southern Classification Territory. Where thru rates are published between Official and Southern Classification territories, as a rule the Southern Classification governs. It governs only to a limited extent on shipments between Southern and Western Classification territories, notably between Milwaukee, Wis., certain points on the Missouri River, and some points in the state of Missouri on the one hand and Southern Classification Territory on the other.

Western Classification.—The Western Classification, as a rule, governs interstate shipments moving wholly within Western Classification Territory. It governs to a limited extent between points in Western Classification Territory and points in Canada. Where thru rates are published between Official Classification Territory or Southern Classification Territory, on the one hand, and Western Classification Territory on the other, the Western Classification usually applies.

Intrastate Classifications.—In addition to the classifications which have been enumerated and which are known as *inter*state classifications, there are a number of *intra*state, or so-called "state" classifications, which, with some exceptions, apply on traffic moving wholly within a particular state.

While these state classifications follow the major interstate classifications more or less closely in general outline and content, they differ in many respects—not only in ratings, but also in rules and minimum carload weights. As each state classification also differs in many ways from other state classifications, and as they apply mainly only locally within their respective states, it is not essential to treat them in detail.

Each of the following states prescribes a state classification for freight moving wholly within its respective boundaries: Alabama, Florida, Georgia, Illinois, Iowa, Mississippi, Nebraska, and Virginia. Such a classification that governs within one state is ordinarily under the jurisdiction of that state's regulatory body, in so far as its application to state traffic is concerned. When such a classification is under any circumstances to apply to *inter*state traffic, it must be filed with the Interstate Commerce Commission.

On traffic moving wholly within a state that has no prescribed state classification, the interstate classification that applies in the territory in which the particular state lies, ordinarily governs.

For a detailed knowledge of the different state classifications it is, of course, necessary to study the individual issues.

Canadian Classification.—The Canadian Classification governs on traffic moving wholly within the Dominion of Canada, whether interprovincial or intraprovincial, that is, between provinces, or between points in the same province. In some instances, where there are published thru rates and the tariff naming the rate so specifies, the Canadian Classification applies on shipments moving from Canada into the United States, and vice versa; and also on shipments that originate in Canada, move thru part of the United States, and back into Canada to destination.

The Canadian Classification is published by the Canadian Freight Association with headquarters at Monreal, Quebec. By referring to the reproduction of the title page of this classification shown in Figure 2, it will be noted that the classification is subject to the approval of the Board of Railway Commissioners of Canada.

Inasmuch as this classification governs certain tariffs naming thru rates on traffic between the United States and Canada, it is required that the classification be filed with the Interstate Commerce Commission as indicated by the I.C.C. number in the upper right-hand corner of the title page as well as by other notations on that page.

Mexican Classification.—The Mexican Classification governs on traffic moving wholly within the Republic of Mexico. There are no published thru class rates between points in the United States and points in Mexico, and therefore the use of the Mexican Classification does not cross the international boundary line.

On shipments from Mexico to the United States, the Mexican Classification governs on the part of the movement within Mexico, and the Western Classification governs on the part within the United States.

ADDITIONS—ADVANCES—REDUCTIONS—RE-ISSUES

Only three Supplements to this Classification will be in effect at any time.

I.C.C. No. 1
Cancels I.C.C. No. 2,
T. MARSHALL, Agent.

CANADIAN FREIGHT CLASSIFICATION No. 16

CANCELS CANADIAN CLASSIFICATION No. 15

APPROVED BY BOARD OF RAILWAY COMMISSIONERS FOR CANADA

APPLIES ON FREIGHT TRAFFIC COVERED BY TARIFFS ISSUED SUBJECT THERETO

Whenever, on traffic which is subject to the jurisdiction of the Interstate Commerce Commission, a carload (or a less-than-carload) commodity rate is established, it removes the application of the class rates to or from the same points on that commodity in carload quantities (or less-than-carload quantities, as the case may be), except when and in so far as alternative use of class and commodity rates is specifically provided for by including in different sections of one and the same tariff such class and commodity rates, and by including in each section of such tariff the specific rule "If the rates in section——of this tariff make a lower charge on any shipment than the rates in section——of this tariff the rates in section——will be applied."

ISSUED AND FILED WITH THE INTERSTATE COMMERCE COMMISSION BY G. C. RANSOM AS AGENT FOR THE INDIVIDUAL CARRIERS SHOWN HEREIN

ISSUED JANUARY 20, 1913 EFFECTIVE MARCH 1, 1913

PUBLISHED BY
CANADIAN FREIGHT ASSOCIATION
G. C. RANSOM CHAIRMAN
CANADIAN EXPRESS BUILDING
MONTREAL, QUE.

Figure 2. In Canada, the regulatory body corresponding to the Interstate Commerce Commission in the United States is known as the Board of Railway Commissioners for Canada as you will see from this reproduction of the title page to the Canadian Freight Classification. As stated in the text, an official copy of this classification is filed with the Interstate Commerce Commission.

On traffic from the United States into Mexico, the Western Classification governs up to the border, and the Mexican Classification applies beyond. (The Mexican Classification is not on file with the Interstate Commerce Commission. It is printed in both English and Spanish.)

Establishing Interstate Classifications.—The three major classifications, as contained in the Consolidated Freight Classification, are not formulated by the individual carriers, but by classification committees which are composed of representatives of the carriers operating within the respective classification territories; and these representatives act as the agents of the carriers in formulating and publishing a classification. The names and headquarters of the committees are:

1. Official Classification Committee, New York City
2. Southern Classification Committee, Atlanta, Ga.
3. Western Classification Committee, Chicago, Ill.
4. Consolidated Classification Committee, Transportation Building, Chicago, Ill.

Each committee is composed of a given number of representatives of the carriers within its respective territory, devotes its entire time to classification work, and periodically holds open meetings for the consideration of such matters as may properly be brought before it. The chairmen of these three committees compose the Consolidated Classification Committee. It is their duty to co-ordinate the work of the territorial committees and to publish the Consolidated Freight Classification.

How to Secure Additions to or Changes in Classification.—The very nature of a freight classification makes it subject to almost constant changes. Each of the committees receives a great many requests from both the public and the carriers for changes in the classification. In order that all interested parties may be given due notice and a fair hearing of the proposed changes, the committees hold public hearings on dates announced in

advance. Notice of the exact time and place at which these public meetings will be held is given thru the public press and transportation journals, and officially thru dockets which are issued by the Consolidated Classification Committee. Figure 3 is a reproduction of the front cover page of such a docket, while Figure 4 shows a page taken from a docket.

The degree of publicity given the hearings, in addition to making accessible information in which shippers are interested, has had a marked tendency to create interest in the hearings and has aided materially in the adjustment of vexatious problems.

At these hearings any interested party may appear in person or thru a representative, or he may submit a written communication to set forth his reasons why such proposed changes should or should not be made. Such hearings are more or less informal, and no hard-and-fast rules as to evidence that may be submitted are prescribed. Shippers or carriers who contend for or against a change in the classification, however, should endeavor to fortify themselves with all the data which bears upon the case that can possibly be obtained, for in this tribunal the representatives of both shippers and carriers are certain to find traffic experts that are not to be led astray by specious arguments or figures founded on anything but fact.

When a shipper desires to have some addition made to, or a change made in, the classification, there are two channels open to him. He may make application to one of the three separate classification committees, or he may apply direct to the Consolidated Freight Classification Committee.

When the petition pertains to other than a change in rating, the handling of the matter is expedited by presenting it direct to the Consolidated Classification Committee; but when the desired change affects only the rating in a single territory, it is advisable to submit the

CONSOLIDATED CLASSIFICATION COMMITTEE

Official Classification — Southern Classification — Western Classification

DOCKET No. 7

Hearings of the Official, Southern and Western Classification Committees

JULY, 1921

For consideration of petitions for changes in rules, descriptions, ratings and minimum weights as set forth herein

AT

Hotel Ansley, Atlanta, Ga., July 13, 1921
Room 408, 143 Liberty St., New York, N. Y., July 18, 1921
1830 Transportation Bldg., Chicago, Ill., July 25-29, 1921

(Time of hearing at Chicago on each subject as shown herein)

(At New York, hearings by appointment. Apply to F. W. Smith, Chairman, Official Classification Committee, for assignment)

(At Atlanta hearings, subjects will be heard in docket order)

Proposed changes in Classification descriptions, minimum weights and ratings as shown in this docket, whether initiated by shippers or carriers, after public hearing, may be deviated or varied from as warranted after consideration of the information and facts submitted.

Official Classification Committee	Southern Classification Committee	Western Classification Committee
A. H. GREENLY,	J. N. STEADWELL,	H. C. BUSH,
G. H. KELLAND,	E. K. VOORHEES,	W. E. PRENDERGAST,
C. C. McCAIN,	J. E. CROSLAND, Chairman	R. C. FYFE, Chairman
F. W. SMITH, Chairman		

CHICAGO, ILL., JUNE 20, 1921

The Blakely Printing Company, Chicago (1677)

Figure 3. Business is constantly undergoing changes and expansions. A freight classification which was not open to revision to meet these changing conditions would, of course, be undesirable. It is for that reason that the Classification committees hold public meetings at which the public may present arguments for such changes. These meetings are announced in advance by publication in what is known as a docket, the title page of which is reproduced on this page.

Hotel Ansley, Atlanta, Ga., July 13, 1921.
Hearings Room 408, 143 Liberty St., New York City, July 18, 1921.
1830 Transportation Bldg., Chicago, Ill., July 25, 1921.

HEARINGS AT CHICAGO	SUBJECT No.	Consolidated Freight Classification No. 2. PAGE	ITEM	ARTICLES	RATINGS Official	Southern	Western	Classification Suggested. ARTICLES	RATINGS Official	Southern	Western
1.55 p. m.	29	119	12	**Case Hardening Compound, N.O.I.B.N.:**				***Case Hardening Compound, N.O.I.B.N.:**			
				In bags, barrels or boxes, L C L	3	..	....	In bags, barrels or boxes, L C L	3	..	....
				In packages named, C. L., min. wt. 36,000 lbs	5	....	..	In packages named, C. L., min. wt. 36,000 lbs	6	....	..
2.00 p. m.	30	....	....	Not specifically provided for.				**Cases:**			
								*** Mine Primer:**			
								In boxes, L. C. L.	2	2	2
								In boxes, C. L., min. wt. 36,000 lbs., subject to Rule 34	3	3	3
2.05 p. m.	31	121	5	**Chains:**				***Chains:**			
				Belting or Sprocket:				**Belting or Sprocket:**			
				Steel, machine finished:				**Steel:**			
				No provision for in bundles				**Machine finished:**			
								In bundles, L. C. L.	4	....	....
								In bundles, C. L., min. wt. 36,000 lbs.	5	..	....
2.10 p. m.	32	....	..	**Clothing, secondhand:**				***Clothing, Blankets or Comforts, Government, old:**			
				Rated same as new clothing.				In bales or boxes, L. C. L.	..	4	....
								In bales or boxes, C. L., min. wt. 40,000 lbs.	....	5	..
2.15 p. m.	33	147	26	**Dry Goods:**				**Dry Goods:**			
				Cotton Cloth, asphaltum coated,				*** Cotton Cloth, asphaltum coated:**			
				in burlapped bales or rolls, or in boxes	1	2	1	In burlapped bales or rolls, or in boxes, L. C. L.	2	2	1
								In packages named, C. L., min. wt 36,500 lbs.	5	2	1
2.20 p. m.	34	....	....	Not specifically provided for.				***Cookers, Steam Pressure, cast aluminum:**			
								In barrels or boxes, L C L.	1	1	1
								In barrels or boxes, C. L., min. wt 20,000 lbs., subject to Rule 34	2	2	2
2.25 p. m.	35	134	1	**Coops or Crates, Animal or Poultry:**				***Coops or Crates, animal or poultry:**			
				Other than shipping:				**Other than shipping:**			
				Wood and wire combined:				**Wood and wire combined:**			
				No provision for bundles.				S U, loose	D1	D1	D1
								K D flat or folded flat, in bundles, L. C L.	2	2	2
2.30 p. m.	36	....	..	Not specifically provided for.				**Copper, Brass or Bronze:**			
								*** Rods, Unfinished:**			
								In coils, L. C. L.	2	..	..
								In coils, C. L., min. wt. 40,000 lbs	3	....	..
2.35 p. m.	37	135	1	**Copper, Brass or Bronze:**				***Petitioner requests privilege of shipping loose, carloads, without restriction to size of pieces.**			
				Scrap, in pieces less than 50 lbs., carloads:							
				No provision for acceptance loose							
2.40 p. m.	38	141	8	**Culverts, Plate or Sheet Iron, K. D., taken apart lengthwise, etc.:**				***Culverts, Plate or Sheet Iron, K. D., taken apart lengthwise, etc.:**			
				L C L	..	5	...	L. C. L.	....	6	...
				C. L., min wt 36,000 lbs	..	6	...	C L, min wt. 36,000 lbs	...	12 cents per 100 lbs	...
2.45 p. m.	39	144	13	**Disinfectants, other than Medicinal, N.O.I.B.N.:**				***Disinfectants, other than Medicinal, N.O.I.B.N.:**			
				Other than liquid:				**Other than liquid:**			
				No provision for acceptance in double bags.				In double bags, L C L	2	3	3
								In double bags, C. L., min wt. 30,000 lbs	5	5	5
2.50 p. m.	40	145	10	**DOOR HANGERS AND HANGER PARTS:**				**DOOR HANGERS AND HANGER PARTS:**			
			11	**Barn, Car or Warehouse Door Hanger Rails or Tracks, iron or steel, or iron or steel and wood combined:**				*** Barn, Car, Fire or Warehouse Door Hanger Rails or Tracks, iron or steel, or iron or steel and wood combined:**			
				In boxes, bundles or crates, L C L	....	4	...	In boxes, bundles or crates, L. C. L.	....	5	..
				In packages named, C L, min wt 36,000 lbs	....	4	...	In packages named, C. L., min wt. 36,000 lbs.	....	5	....
				(Continued)				(Continued)			

*Proposed by shippers. *Proposed by carriers.

5

Figure 4. The above is a reproduction of a page from the docket referred to in Figure 3. Notice at the top of the page that public hearings are held in Atlanta, headquarters for Southern Territory; in New York, headquarters for the Official Territory, and in Chicago, headquarters for the Western Territory. The articles on which changes have been requested are listed in bold face type. These docket pages are the working schedule of the public hearings of the committee.

The Western Classification Committee

1830 Transportation Building, Chicago, Illinois

PETITION FOR CHANGES IN CLASSIFICATION

DATE....August 30, 1921.....

ARTICLE....Automobile Fenders or Mud Guards.....

USES....Manufactured and sold for use on Ford Automobiles exclusively.....

VALUE....Front fenders $2.85 each - Rear fenders $2.30 each.....

WEIGHT—Per Cubic Foot as Packed for Shipment (Important)....Front 5.74 lbs. - Rear 6.17 lbs.

VALUE—Per Cubic Foot (Important)..Front .0754 cents - Rear .085 cents.....

HOW PACKED FOR SHIPMENT....In wooden crates - nested - 6 fenders in a crate.

IF SHIPPED K. D. TO WHAT EXTENT.....

CONSTITUENT ELEMENTS....Sheet steel thinner than U. S. Standard gauge No. 17...

EXTENT OF CARLOAD MOVEMENT..None under present carload minimum weight.....
With a C/L. min. weight of 12000 lbs. estimated movement 8 cars per month.....

AVERAGE WEIGHT LOADED IN STANDARD 36-FOOT CAR.....11960 pounds.....
Maximum that can be loaded in standard 36 ft. car 12800 lbs.....

TERRITORY TO WHICH CARLOAD SHIPMENTS MOVE....Virtually entire United States - Principally Texas, Kansas, Missouri - Colorado - Iowa - Minnesota - Michigan - Illinois - Ohio - New York - Massachusetts - Virginia - Georgia.....

PRESENT RATING..L.C.L. Ford Class - C.L. 4th Class minimum weight 30000 lbs., as per Item 16 Page 419 Consolidated Freight Classification No. 2.....

DESIRED RATING..Ratings satisfactory....Petition is for change in C.L. minimum weight from 30000 lbs. (any size car) to basix minimum weight of 12000 lbs. per 36 ft. car and graduated minimum weight as per Rule 34 C.F.C. No. 2 for longer cars..

WHAT MAKES LOWER RATING OR CHANGES NECESSARY?...Impossible to load 30000 lbs. into even a 50 ft. car....Maximum that can be loaded into a standard 36 ft. car is 12800 lbs....Present minimum weight is unreasonable, unjust, unduly discriminatory and prohibitive of C.L. shipments. Basic minimum weight greater than 12000 lbs. severely restricts our markets, hence traffic of carriers....Minimum weight basis requested will increase volume of traffic and revenue thru expanded markets and increased length of haul.....

SEND CATALOGUE...3 sets of photos of fenders as prepared for shipment are attached.

Detailed description and illustrations are necessary to enable Committee to give full consideration.

Where at all practicable attach picture of article S. U. and as packed for shipment.

Petitioner's Signature and Address .....John Z. Doe & Co.,.....
.....4046 So. Michigan Ave.,.....

Petition in triplicate forwarded

Chicago, Ill.

Figure 5. Whenever a shipper desires to secure a change in the rating or carload minimum weight of a certain article he fills out a form, similar to the above, and files it with the classification committee. After the petition has been filed and a hearing held the decision as to whether the proposed change will be made or not rests entirely with the Classification Committee. If its decision is against the shipper, he can appeal his case to the Interstate Commerce Commission.

petition direct to the classification committee which has jurisdiction over the territory in which the rating in question applies.

When desiring to secure an addition or a change with reference to a rating or a minimum weight, a form similar to that of the Western Classification Committee, as shown in Figure 5, should be used. Such forms can be procured from any of the classification committees. They should be filled out in triplicate by the petitioner, and forwarded to the classification committee to whom the petition is made. It is essential that all data asked for on the form be given, and it is advisable to furnish in addition all pertinent information that may be of assistance to the committee in making its decision.

After the application has been received and a hearing held by the committee, the decision as to whether or not the proposed change will be made, rests with the committee. If this decision be adverse to the petitioner, he has the right to submit his case to the Interstate Commerce Commission for consideration and decision by that body.

When a carrier desires to secure an addition to or change in the classification, the traffic-department representative of the carrier makes petition for the change. If the Classification Committee deems such a change probably advisable, the proposal is listed on the docket and comes up for hearing in due time. Usually, when a proposed change petitioned for by the carrier has advanced far enough to be placed upon the docket, the change is made unless good and sufficient reasons for not making it are developed.

Gist of Chapter VI

This chapter, treating of the Application of Classifications, offers you an excellent opportunity to plunge into

actual rating work and to handle real problems such as every traffic executive meets in his daily work.

1. Governing Classification Determined by Tariff

If you wanted to ship your household goods from Pittsburgh, Pa., to Indianapolis, Ind., how could you find out what classification would govern the shipment?

2. General Application within One of the Classification Territories

What classification would probably govern the movement of cotton from Atlanta, Ga., to New Orleans, La.?

3. Published Thru Rate

A carload of cotton-felt mattresses moves on a thru rate from New York to Los Angles, Calif. By which classification would you expect this shipment to be governed?

4. Combination Rate

A farmer moving west sends a carload of sheep from Terre Haute, Ind., to Kansas City, Mo., routed via St. Louis, Mo. There is no thru rate in effect between Terre Haute and Kansas City. What classification would be most likely to govern the tariff containing the rate from Terre Haute to St. Louis? The tariff containing the rate from St. Louis to Kansas City?

5. Intrastate Classifications

A jobber at Fremont, Nebr., ships a carload of agricultural implements to Long Pine, Nebr. If you did not have the tariff to refer to, what classification should you think would govern this shipment?

6. Canadian Classification

In general, what classification governs traffic moving from Port Arthur, Ont., to Winnipeg, Man., via the Canadian National Railways, which passes thru the United States from Baudette to Warroad, Minn., en route?

Chapter VII

CONTENTS, ARRANGEMENT, AND INTERPRETATION OF FREIGHT CLASSIFICATIONS

Thus far the purpose of this book has been to explain the exact meaning of, as well as the necessity for the classification of freight. In explaining these points we have emphasized the principal elements which must be taken into consideration when an article is assigned a rating. The general evolution of classification schedules has also been explained and special attention given to the general territorial application of the three main interstate classifications—the Official, the Southern, and the Western Classification. Finally we explained how and why these three classifications were merged into what is officially known as the Consolidated Freight Classification.

This groundwork is an essential part of the training necessary to your future career, if you aspire to rise above merely humdrum clerical duties and take a place among those who direct and mold the course of your chosen profession.

It is the thinking power of "the man behind the gun" which makes for ultimate success. Therefore, in order that you may acquire complete mastery of the enlarged machinery with which you hope to grip the real problems which practical work in this field presents, read, weigh, and consider as you go along; test that which has gone before in the light of each new phase developed.

The master mind does not accept present conditions and regard them as inevitable. If they are not what he thinks they should be, he works around from every angle until he finds an avenue of approach which makes the desired change possible. This is the proper attitude in which to grapple with the work before you.

First, however, you must know what has been provided, and how to use and correctly interpret a classification. This is not always as simple as might at first

appear, for, not uncommonly, the proper interpretation may hinge on some rather fine distinction. It is only thru careful study and close attention to detail that you can become proficient in the use of a classification.

For the purpose of becoming thoroly familiar with the form and use of a freight classification, there is furnished as part of the LaSalle Traffic Management Course, a practice classification entitled LaSalle Consolidated Freight Classification No. 1. It will be well to keep this before you and refer to it constantly, as each step in the proper reading of a classification is explained in the following pages. It will be referred to thruout the text as the LaSalle Classification.

While the LaSalle Classification is constructed along the exact lines of the authorized consolidated classification, it is *not official* and is issued solely for instructional purposes. All the articles and rules contained in the authorized classification are not shown in the LaSalle Classification, as there would be no benefit in so doing; however, the number of articles and rules shown is more than sufficient to bring out all phases of classification interpretation.

The classifications currently in effect are, of course, subject to constant changes, but if the model classification is thoroly mastered, both as to the proper rating applicable and to the interpretation of the rules, the illustrations and representations used will serve its purpose very well.

The title page of Consolidated Freight Classification No. 1, the first consolidated freight classification, is reproduced in Figure 6. As this classification was issued while the majority of the roads were under federal control, its title page carries the legend "United States Railroad Administration, Director General of Railroads," and other data that do not appear on subsequent issues, as the government has since relinquished control.

It is a requirement of the Interstate Commerce Commission that an interstate classification shall show what

UNITED STATES RAILROAD ADMINISTRATION

Director General of Railroads

Only three Supplements to this Classification will be in effect at any time.

‡Mich. P. U. C.-O. C. No. 45.
‡Mich. P. U. C.-W. C. No. 2.
‡I.-P. U. C.-O. C. No. 45.
‡I.-P. U. C.-W. C. No. 3.
‡P. S. C. Mo.-W. C. No. 5.
‡P. U. C. Colo.-W. C. No. 5.
‡P. S. C. Wyo.-W. C. No. 4.
‡P. U. C. Idaho-W. C. No. 4.
‡C. C. Okla.-W. C. No. 3.
‡S. C. C. N. M.-W. C. No. 3.
‡P. U. C. Utah-W. C. No. 2.
‡P. S. C. N.-W. C. No. 1.
‡P. S. C.-1 N. Y.-O. C. No. 45.
‡P. S. C.-2 N. Y.-O. C. No. 45.
‡M.-P. S. C.-O. C. No. 45.
‡Ohio-O. C. No. 45.
‡P. S. C.-Pa.-O. C. No. 45.
‡R. I.-P. U. C.-O. C. No. 45.
‡V.-P. S. C.-O. C. No. 45.
‡N. H.-P. S. C.-O.C. No. 45.
‡P. S. C.-Md.-O. C. No. 45.
‡Me.-P. U. C.-O. C. No. 45.
‡P. S. C.-W. Va.-O. C. No. 45.
‡I. R. C.-O. C. No. 45.
(For State Cancellations, see page I.)

‡ Shown for account of carriers not under Federal Control.

I. C. C.-O. C. No. 45.
(Cancels I. C. C.-O. C. No. 44 and Supplements.)
R. C. Fyfe's I. C. C. No. 14.
(Cancels R. C. Fyfe's I. C. C. No. 13 and Supplements.)
J. E. Crosland's I. C. C. No. 3.
(Cancels J. E. Crosland's I. C. C. No. 22 and Supplements.—Exceptions to Southern Classification will hereafter be found in J. E. Crosland's I. C. C. No. 4.)
C. R. C.-O. C. No. 45.
C. R. C.-W. C. No. 12.
J. E. Crosland's C. R. C. No. 2.
(Cancels C. R. C.-O. C. No. 44; R. C. Fyfe's C. R. C. No. 11, and J. E. Crosland's C. R. C. No. 8 and Supplements.)
S. B.-W. C. No. 2.
(Cancels S.B. No. 1 and Supplements.)

CONSOLIDATED FREIGHT CLASSIFICATION No. 1

(OFFICIAL CLASSIFICATION No. 45) (SOUTHERN CLASSIFICATION No. 44) (WESTERN CLASSIFICATION No. 56)

(Cancels Official Classification No. 44; Southern Classification No. 43, and Western Classification No. 55.)

Applies on Freight Traffic covered by tariffs issued subject to either the Official Classification, Southern Classification or Western Classification as such tariffs may provide.

Issued by R. N. Collyer, J. E. Crosland and R. C. Fyfe, Agents, and filed with the Interstate Commerce Commission and the Board of Railway Commissioners for Canada under Authority of Appointment Notices Numbers 2 and 9 of the Director General of Railroads, for Federal Controlled Carriers shown herein.

(Published for the Director General of Railroads and filed on ten days' notice with the Interstate Commerce Commission under Freight Rate Authority No. 17798 of the Director, Division of Traffic, United States Railroad Administration, dated November 19, 1919.)

This Classification is issued for Non Federal Controlled Carriers, for Interstate traffic, on ten days' notice under Special Permission of the Interstate Commerce Commission No. 48433 of November 19, 1919, and for Intrastate traffic under authorities as noted on page I.

ISSUED DECEMBER 10, 1919 **EFFECTIVE DECEMBER 30, 1919**

Except on Intrastate traffic of Carriers not under Federal Control within the States of Illinois, Maine, Massachusetts, Vermont, and West Virginia, see page I.

Issued and filed with the following Commissions by R. N. Collyer, J. E. Crosland and R. C. Fyfe, Agents, only for the individual carriers named who are not under Federal Control

Interstate Commerce Commission
Board of Railway Commissioners for Canada.
United States Shipping Board
Pennsylvania Public Service Commission.
Rhode Island Public Utilities Commission.
West Virginia Public Service Commission
New York Public Service Commission, First and Second Districts.
Ohio Public Utilities Commission
Indiana Public Service Commission
Massachusetts Public Service Commission
Vermont Public Service Commission
New Hampshire Public Service Commission.
Michigan Public Utilities Commission.
Maryland Public Service Commission.
Maine Public Utilities Commission.
Illinois Public Utilities Commission.
Public Service Commission of Missouri.
Public Utilities Commission of Colorado.
Public Service Commission of Wyoming.
Public Utilities Commission of Idaho.
Corporation Commission of Oklahoma.
State Corporation Commission of New Mexico.
Public Utilities Commission of Utah.
Public Service Commission of Nevada.

R. N. COLLYER,	J. E. CROSLAND,	R. C. FYFE,
Agent for lines in Official Classification, 143 Liberty Street, NEW YORK, N. Y.	Agent for lines in Southern Classification, 215 Transportation Building, ATLANTA, GA.	Agent for lines in Western Classification, 1820 Transportation Building CHICAGO, ILL.

Figure 6. This reproduction shows the title page of Consolidated Freight Classification No. 1. This was the first consolidated Freight Classification ever published and was issued during the war period when most of the railroads were operating under federal control. Subsequent issues, of course, bear no reference to the United States Railroad Administration, and omit certain other data, but they are essentially the same as this one.

publication or publications it cancels. It has already been explained that the Consolidated Freight Classification is in reality three classifications in a single volume. The cover page here reproduced indicates that the three classifications contained in this single issue are Official Classification No. 45, Southern Classification No. 44, and Western Classification No. 56; and that the three classifications which Consolidated Freight Classification No. 1 cancels, are Official Classification No. 44, Southern Classification No. 43, and Western Classification No. 55.

Main Divisions of Classification.—The arrangement of an interstate classification, as prescribed by the Interstate Commerce Commission, is as follows:

1. Table of Contents
2. Participating Carriers
3. Index to Rules
4. Index to Articles
5. Rules
6. Explanation of Abbreviations, Characters, and Symbols
7. Description of Articles
8. Ratings

The several sections of the Consolidated Classification are indicated graphically in Figure 7.

Table of Contents.—The table of contents is, of course, self-explanatory, and its main purpose is to facilitate the location in the classification, of the specific subject matter.

Participating Carriers.—An agent, such as the chairman of the classification committee, can act for a carrier in filing a classification only when proper authority to do so has been filed with the Interstate Commerce Commission in the form prescribed by the Commission. A list of the carriers who have given authority to the agent issuing the classification to act for them in this capacity, is always found in the forepart of the classification. Such

CONSOLIDATED CLASSIFICATION

1. Table of Contents
2. Participating Carriers
3. Index to Rules
4. Index to Articles
5. Rules
6. Abbreviations, Symbols
7. Description of Articles
8. Ratings

1	2	3	4	5	6	7	8
Sequential list of contents, to facilitate location of specific subject matter.	A list of the carriers who have authorized the agents issuing the classifications to act for them. Such carriers are thus made parties to the issue, and are called participating carriers.	The Index to Rules is extensively cross-referenced as an aid in locating the rules pertinent to the information desired.	Alphabetical list of all the articles listed in the Classification, showing their page and item reference.	General rules applying on all shipments covered by any of the three classifications.	Symbols, characters, and abbreviations are used in the Classification to indicate changes and other particulars. This section defines each symbol, character, and abbreviation used thruout the Classification.	The main portion of the Classification consists of a description of articles, packing specifications, carload minimum weights, and special provisions in connection with the specific articles.	The Ratings column is subdivided into three columns headed: Official Southern Western It shows the rating applicable to a given article under each of the three Classifications.

Figure 7. This chart will help materially in acquiring a working knowledge of the general make-up of an authorized Consolidated Freight Classification. You will find each one of these main divisions in every Consolidated Classification, their general make-up being prescribed by the Interstate Commerce Commission. Each division serves a definite purpose in simplifying the work of arriving at the correct ratings, rules and other data governing the transporting of the thousands of articles each classification lists.

participating carriers, that is, the carriers in whose behalf the classification is issued, are thus made parties to the issue.

Index to Rules.—The index to rules is extensively cross-referenced, so as to simplify the locating of a rule pertinent to the information desired.

Index to Commodities.—The index to commodities sets forth in alphabetical order all the articles which are given ratings in the classification. It will be observed that articles are indexed under their noun denomination, and, when necessary, under such descriptive adjectives as is deemed advisable. Thus emery cloth appears under "C" (cloth), under "E" (emery), and in addition under "A," for abrasive cloth. In each case reference is made to the same item in the body of the classification. This procedure, called "cross-indexing," is used in order that the indexing may be as comprehensive as possible, and that the users of the classification may be able to locate the ratings for the articles in which they are interested, with as little difficulty as possible.

General Rules.—A detailed discussion of the various general rules of the classification is given elsewhere, so it is unnecessary to go into them at this time.

Characters, Symbols, and Abbreviations.—The Interstate Commerce Commission requires that whenever, in the reissue of a classification, any of the items are changed, such increase, reduction, or other change must be designated by appropriate symbols or characters, each symbol or character to have the same specific meaning whenever used thruout the issue. It is also required that an explanation of all such abbreviations, characters, and symbols be shown. The Commission has not prescribed specific characters, symbols, or abbreviations to be used, merely requiring that they be appropriate and that an explanation of each be given.

Description of Articles.—The description of the articles and commodities constitutes the main portion of the

body of the classification, and contains in addition to the descriptions of the articles, packing specifications, the minimum weights applicable to carload shipments, and special provisions that apply only in connection with certain articles or commodities.

Ratings.—A rating is the designation of the class to which an article is assigned.

As will be observed, the pages in the "body" of the classification are divided into three double columns (pages 32 to 164).

Items.—The first column from the left of the page is headed "Items," and contains numbers consecutively arranged and begins with Number 1 at the top of the first column on each page. The item and page numbers shown in the Index to Articles (pages xi to xxxiii) refer to these item and page numbers in the body of the Classification. Therefore, when an article has been located in the index, it is immediately apparent on which page and under what number the article may be found in the body of the Classification.

Articles.—The second column from the left on the page is headed "Articles," and contains the names and descriptions of the articles or commodities, packing requirements, carload minimum weights, and such special provisions as may be applicable.

It is, to a large extent, upon a thoro understanding of the arrangement and meaning of the so-called "description of articles," as contained in this column, that the proper interpretation of the Classification rests. This is, with the exception of the general rules, probably the most important part of the Classification, for therein lies the test of ability to correctly ascertain the correct ratings of articles and commodities.

Before entering into a detailed study of the "articles" column, it will be of aid to the reader to analyze the term "Not Otherwise Indexed by Name," which is commonly abbreviated N.O.I.B.N.

Articles Not Otherwise Indexed by Name.—It is obviously impracticable to list or describe in the Classification all articles that move by freight under every head or description that might be applied to each. To a certain extent, this situation is covered by the use of the term "Not Otherwise Indexed by Name." The term serves, in a sense, two purposes. The first indicates the class of articles which come under a general head but are not named thereunder. To illustrate: cough syrup is a medicine, but is nowhere listed in the Classification as cough syrup. The Classification, however, does provide in a general heading for "Drugs or Medicines N.O. I.B.N.," and cough syrup being a medicine that is not otherwise indexed by name, is properly ratable as a drug or medicine N.O.I.B.N.

The second purpose indicates that several kinds of articles in a group may be singled out and specifically provided for by name, and that the item coupled with the N.O.I.B.N. designation covers all other articles of the group. For example, in the classification under the general heading of Books, the following appears: "Magazines, Periodicals, Tissue Copying Books, and Books N.O.I.B.N."

In this case the N.O.I.B.N. refers only to such books as are not elsewhere listed, and does not refer to the general heading of "Books." It is manifest that all books, other than magazines, periodicals, and tissue copying books, not specifically provided for, are properly ratable under the item "BOOKS N.O.I.B.N."

General Headings.—Returning to the discussion of the "articles" column, we find that in this column the articles or commodities for which ratings are provided are classified under general headings. Thus, sandpaper, which is an abrasive paper, is shown in the LaSalle Classification as coming under the general heading "Abrasives and Abrasive Cloth and Paper"; chairs are shown under the general heading "Furniture"; and apples under "Fresh

Fruit." These general headings are listed in alphabetical order, and under each the articles which are included thereunder are also listed in alphabetical order. For instance, under the general heading "Fresh Fruit," the following kinds of fresh fruit are named in the order shown: Apples, Bananas, Berries, Grapes, Lemons, Melons, etc.

These general headings do not, in the majority of instances, carry ratings, but they are very important in determining the application of the ratings provided for the articles included under them. For example, agricultural implement wheels are shown in Items 22 to 25, page 37, and Item 1, page 38, under the general heading "Agricultural Implement Parts"; while automobile wheels are, as per Items 13 to 17, page 157, carried under the general heading "Vehicle Parts." Therefore, if a rating to apply on a shipment of wheels is desired, it is not sufficient to find a rating for just *any* kind of wheel, but the rating for the *particular* kind of wheel in question.

Definition and Description.—Two other very important considerations in connection with the general headings and the subheadings under them, relate to the definitions of the words "and" and "or," and the extent to which a subhead or a description is indented, that is, set away from the line separating the "Items" and "Articles" columns.

By turning to page 31 of the LaSalle Classification, you will find two explanatory paragraphs relating to the two subjects just mentioned. A thoro understanding and mastery of the exact meaning of these two paragraphs will be found to be of great aid in the quick and accurate use of the classification.

The first paragraph reads as follows:

"In the description of articles 'and' is used to couple the descriptive terms between which it is used; 'or' is used where the description includes either or both of the descriptive terms between which it is

used; and the descriptive terms appearing within parentheses constitute another description of the identical article immediately preceding the parentheses."

First, let us analyze the "and" and "or" section of this paragraph. By reference to Item 9, page 85, of LaSalle Classification, it will be observed that it reads, "Sheet or Sheet and Cast Combined." This item taken in conjunction with Items 6 and 7 of the same page may be read as "Sheet-Iron Games N.O.I.B.N.," and also as "Combined Sheet and Cast Iron Games N.O.I.B.N." In other words, the ratings under Item 9 apply on Games N.O.I.B.N. made of sheet iron, and also upon Games N.O.I.B.N. made partly of sheet iron and partly of cast iron. The rating under Items 9, 10, and 11 would not apply to Games N.O.I.B.N. made of cast iron, as these are rated under Item 8.

Item 6, page 85, will serve also to illustrate strikingly the use of the word *or*. As the item reads "Games *or* Toys N.O.I.B.N.," the descriptions listed under it refer to "Games N.O.I.B.N."; likewise with equal force to "Toys N.O.I.B.N." If it read Games *and* Toys, the articles would have to be both games and toys, which, for instance, would not include dolls, because dolls cannot be considered as games.

Analyzing the second section of the first paragraph, reference to Item 5, page 81, of the Classification. The wording "Chiffoniers and Wardrobes Combined" within the bracket is supplemental to the word "Chifforobes" immediately preceding it. Expressing it in a different way, it is an explanation of what a chifforobe is. Another good illustration is reflected in Item 12, page 96, covering "Forgings, N.O.I.B.N., in the rough," wherein there is given a definition of "in the rough" as applicable to this specific item.

The other paragraph on page 31 that is of particular interest reads:

"Where any part of the description of an article is found set away from the left margin in a position subordinate to the text preceding

[1]The carriers, however, are not technical in this respect. In many such cases they interpret the use of the word "and" as permitting the rating to be applied on either one or both of the articles.

it, the description is to be read with its context and particularly with the preceding heading or headings; the effect of its position upon the meaning of a description should be carefully observed."

The items covering Games or Toys N.O.I.B.N. (Items 6 to 12, page 85, of the Classification), are a good example by which to illustrate the meaning of this paragraph.

By reference to the page given, it will be observed that the general heading "Games or Toys" is almost against the line on the left separating the "Items" column from the "Articles" column. There are various specific kinds of toys shown, until we come to "Games or Toys N.O.I.B.N." This heading is subordinate to the general heading "Games or Toys," and is therefore set farther away from the line on the left.

Immediately under the subhead "Games or Toys N.O.I.B.N." is another subhead or subdivision reading "Iron or steel," and this subdivision is set still farther away from the line on the left, which indicates that the description "Iron or steel" is subordinate and refers to Games or Toys N.O.I.B.N. In other words, it is intended to be read as "Iron or steel Games or Toys N.O.I.B.N." Item 8 shows the word "Cast," which is set still farther away from the line on the left and is subordinate to the words "Iron or steel." This has the effect of making these items read "Cast Iron or Steel Games or Toys N.O.I.B.N."

In this same item, the description of the containers—"In barrels," "In packages"—is subordinate to the word "Cast"; and still farther indented from the line on the left are the abbreviations "L.C.L.," "C.L." and "min. wt." which are subordinate to "In barrels" and "In packages named." Therefore, reading Item 8 with relation to its context, we have: "Cast Iron (or steel) Games (or toys) N.O.I.B.N., in barrels, L.C.L."; and for the carload description: "Cast Iron (or steel) Games (or toys) in packages named, minimum weight," etc. Observe that Item 12, reading "other than iron or steel," is subordinate only to the general heading "Games or Toys" and to the

subhead "Games or Toys N.O.I.B.N.," and is not indented farther than is "Iron or Steel." Therefore, it has no connection with the "Iron" or "Steel" descriptions.

Packing Requirements.—It will be recalled that in the discussion of the elements influencing the determination of the rating assigned an article, the manner in which the article was prepared for shipment had a material influence upon its rating. A little later, when the study of the general rules of the Classification are taken up, it will be found that the packing and container specifications, as shown in the "Articles" column, likewise have a vital bearing upon the rating to be applied and to the charges applicable to shipments.

With the exception of those referring to general or subheadings, or those covering articles authorized to be shipped in loose form, most of the items of the Classification prescribe the kind of containers that must be used in order that an article may take the given rating. As a rule, if the container is not of the kind specified, or if the packing requirements are not fully met, the shipment is penalized; that is, it is given a higher rating. It is, therefore, essential to pay careful attention to the packing requirements when preparing articles for shipment or when using the classification, in order to take advantage of the lowest transportation cost.

As an illustration of the effect the packing has upon the rating applicable, refer to Item 15, page 61, of the LaSalle Classification, and note that under the Western Classification rope in less-than-carload lots takes first, second, or third class, according to the packing.

An interesting contrast within this item is that rope in bundles takes a first-class rating, whereas if it is in burlapped coils or burlapped reels, it takes third class. Another contrast is that if the rope is in bales packed in a box, it takes a higher rating than when in burlapped coils or on burlapped reels, notwithstanding the greater protection afforded by the box. The other relationships

existing between the packing or container requirements, and the rating to apply, will be developed in the analysis of the general rules of the classification.

Any-Quantity and Less-Than-Carload Ratings.—The reasons underlying the assignment of a lower rating to an article when it moves as a carload shipment than when it moves as a less-than-carload shipment, were fully explained in Chapter IV; and as there will be a further explanation given in connection with the general rules, but passing mention will be made at this time of the necessity for noting carefully whether the rating is for any-quantity, less-than-carload, or carload.

The ratings applicable to less-than-carload lots are shown by the abbreviation L.C.L. following the packing description. When the rating applies on a carload only, that fact is shown by the abbreviation C.L. When neither the abbreviations L.C.L. nor C.L. are shown, the rating is an any-quantity one.

Item 13, page 120, of the classification reflects instances of these three kinds of ratings.

Mixed Carloads.—A carload rating and carload minimum weight given in the classification as applicable to an article or commodity, can be applied to that particular article or commodity only, *unless* the mixture of two or more different kinds of articles, commodities, or articles and commodities, is otherwise provided for in a rule of the classification or specifically authorized in an "item"; as, for instance, the mixture of cereal milling machinery, shown in Item 14, page 106, of the classification.

Further, unless it is otherwise provided, one rating and carload minimum weight cannot be applied to the same kind of article if some of the individual articles are packed in other than the way authorized in the description of articles in the item showing the carload rating and minimum weight. In other words, a carload rating and minimum weight is applicable only to the article or

commodity shown in connection therewith, and th only to the extent specifically shown.

It is essential that the meaning of the preceding pa graphs be clear in the mind of the reader, and as an a to such an understanding he should use the LaSa Classification in following the illustration given below.

Item 12, page 120, covers the subheading "Pai N.O.I.B.N.," Item 13 covers "Dry Paints N.O.I.B.N while Item 14 refers to "Liquid Paints N.O.I.B.N." No note that under the Official Classification, dry pai when packed in the manner prescribed, takes a carlo rating of fifth class, with a minimum weight of 36,0 pounds. Note also that liquid paint N.O.I.B.N., wh packed in the manner prescribed, takes the same rati and minimum weight as does dry paint.

Now, if a shipment consisted of 5,000 pounds of d paint in metal cans in boxes, and 34,000 pounds of liqu paint in metal cans in boxes, unless special provisi to the contrary was made elsewhere—in a general r for instance—charges on the shipment would not assessed on the basis of 39,000 pounds at the fifth-cl rate, but on the less-carload basis of 5,000 pounds third class for the dry paint, and 36,000 pounds (carlo minimum) at fifth class for the liquid paint. Of cour if there is a rule or provision elsewhere, authorizing mixture under certain conditions, then such a mixtu is permissible provided, of course, that the conditio are complied with.

Ratings.—The third division of the classification pa is headed "Ratings," and is subdivided into three colum The first column shows rating applicable under Offic Classification; the second column, ratings applicable unc Southern Classification; and the third column, ratir applicable under Western Classification.

A casual inspection of the Classification will rev that virtual uniformity exists between the three clas fications, in so far as relates to rules, regulations, descr

tion of articles, packing requirements, and minimum carload weights, but that there are numerous and wide variances in the ratings applicable under the different classifications.

This difference in rating extends not only to the assigning of given articles to different classes, according to the classification covering, but also to variations in the number of classes.

Classes.—The class ratings as shown in the Classification are of two kinds, namely, standard classes and multiple classes. The standard classes are designated by numbers or letters, while the multiple classes are those under which the rates are made by multiplying the first-class rate by the specified number.

Official Classification.—In the Official Classification there are eight standard class ratings. These classes (ratings) are 1, 2, R25, 3, R26, 4, 5, 6, representing, first, second, Rule 25, third, Rule 26, fourth, fifth, and sixth classes, respectively.

Rule 25, Rule 26.—Rule 25 and Rule 26 classes are somewhat peculiar in that they were established after the other classes, when it was found advisable to increase the number of divisions and to reduce the spread—difference in amount—between certain classes. These two classes bear a percentage relationship to other given classes. Formerly it was necessary to use a prescribed formula to ascertain the rates for these classes, but it has since been required that the rate under each must be published in the tariffs just the same as for other classes. Thus it is no longer necessary to calculate the rates as they are shown by specific amounts in the tariffs.

Southern Classification.—In the Southern Classification there are ten standard classes, these being 1, 2, 3, 4, 5, 6, A, B, C, D, representing first, second, third, fourth, fifth, and sixth class, and class A, B, C, and D, respectively.

Western Classification.—In the Western Classification there are ten standard classes (ratings). These classes

are 1, 2, 3, 4, 5, A, B, C, D, and E, representing first, second, third, fourth, and fifth class, and Class A, B, C, D, and E, respectively.

Ratings and Rates.—The ratings thus carried in the several classifications are used in conjunction with the class rates carried in a rate tariff. Until so connected, the ratings mean but little, and for that reason illustrations of the relation existing between ratings (or classes) and class rates are shown below. It should be thoroly understood that these rate scales are reflections of rate tariffs, and do not appear in the classification.

ILLUSTRATIVE RATE SCALES

Official Classification

Classes	1	2	R25	3	R26	4	5	6
Rates in cents per 100 lbs.	100	87.5	74.5	66	53	46.5	40	33.5

Southern Classification

Classes	1	2	3	4	5	6	A	B	C	D
Rates in cents per 100 lbs.	100	78	66	51	43	35	25	36	25	22

Western Classification

Classes	1	2	3	4	5	A	B	C	D	E
Rates in cents per 100 lbs.	100	82	67	52	42	44	36	30	25	21

Multiple Classes.—Multiple classes are, as their names indicate, multiples of another class; that is, any multiple class rate is simply a first-class rate multiplied a designated number of times. If the rating on an article is 3t1 (three times first class), the rate will be three times the first-class rate.

The multiple ratings, as carried in the Consolidated Classification, are as follows:

1¼, or one and one-fourth times first class
1 ½, or one and one-half times first class
D1, or double (or two times) first class
2½t1, or two and one-half times first class
3t1, or three times first class
3½t1, or three and one-half times first class
4t1, or four times first class

These multiple ratings are the highest ratings carried in the Classification, and usually apply on light and bulky articles or on very valuable ones.

Unlike the standard class rates, the rates for the multiple classes are not as a rule shown in the freight-rate tariffs. There is no necessity for showing them, because if the first-class rate between two points is given, any of the multiple rates are easily computed. For example, if the first-class rate from Chicago, Ill., to Kansas City, Mo., is $1.35, and the article shipped is rated at one and one-fourth times first class; in order to ascertain the rate on that article, multiply the first-class rate of $1.35 by one and one-fourth, and the result, $1.69, is the one and one-fourth times first-class rate. Likewise, if the article was rated at double first the rate would be $2.70.

Spread Between Different Rates in the Same Scale.—There is no absolute uniformity in the spread between the standard classes, even within a particular territory; that is, there is no fixed percentage relationship between the classes. To illustrate: Assume that a rate scale in Western Classification Territory shows the first-class rate as $1.00, and the second-class rate as 82 cents; another scale within the same general territory may show a first-class rate of $1.00 and a second-class rate of 80 cents. There is a tendency to secure uniformity in this respect gradually, and an analysis of the decisions of the Interstate Commerce Commission indicates that the Commission is strongly in favor of such uniformity.

Attention is also directed to the fact that the rates are not invariably arranged in a descending scale. In Southern Classification Territory, the Class B rate may be greater than the sixth-class rate, and in some instances the rates for two classes may be identical. In Western Classification Territory the Class A rate is usually higher than the fifth-class rate.

While this subject of the relationship of class rates, each to the other, more properly comes under rates than

under classification, it nevertheless influences to extent the classification of freight, and is for that touched upon at this point.

Articles Subject to Different Designations.—entering into a detailed explanation of how to int a freight classification, it will be well to stress th that there are a great many articles of commerc can with almost equal justification be classed several designations, and it may be that the rating each designation is different. This is one of the of classification interpretation that calls for pains search and careful analysis in order to determi correct rating applicable.

This is so, not only because certain specification quantity, packing, condition of shipment, weig other requirements, affect the rating, but also bec is impracticable to show in the Classification the ext fine line that sometimes is necessary to divide one from another.

The old saying, "A rose by any other name smell as sweet," is not applicable to the interpreta a classification; for by designating an article by a name, its rating will more than likely be changed. it would seem easy to call a spade "a spade," it always easy to determine just when a spade is a or when it is something else.

The following discussion will verify this stateme

What would be the proper rating to apply on an mobile gasoline tank made of steel less than U. S. st gauge No. 17 in thickness? This article can b sidered from two angles—either as a tank or as an mobile part. By reference to the Classification, be found that automobile gasoline tanks are not s cally named, either under the general heading of "T or under that of "Automobile Parts" (Vehicle Under the head of "Tanks," the following is s "Tanks, Iron or Steel, N.O.I.B.N., Plate or Sheet,

standard gauge No. 17 or thinner," and under the head of "Automobile Parts," the following: "Automobile Parts N.O.I.B.N., Iron or Steel."

Both the descriptions, as given, cover the article, but the ratings thereunder are different. Therefore, which is the proper rating to apply? There is no written rule that specifically covers such a case, but it is an accepted principle that in such instances the item that comes the nearest to specifically naming or describing the article, is the one to apply. In the case under consideration the general heading "Tanks," as well as the description of the kind of tank, is more specific than the general heading "Automobile Parts"; therefore, the rating as shown under "Tanks" is the proper one to apply.

Articles Known by Their Trade Names.—Another thing in connection with classification work that it will be well to remember, is that there are a number of articles of commerce so well known by their trade names or trade-marks that they are frequently referred to by the trade name rather than by technical description. Practically everyone knows what Kitchen Klenzer, Cracker-Jack, Quaker Oats, Kodaks, etc., are; but none of these will be found in the Classification under such names, as they are trade-mark names and as such are not shown in the Classification.

Kitchen Klenzer would come under "Scouring Compounds," Cracker-Jack under "Popped Corn Confectionery," Quaker Oats under "Cereal Food Preparations," and Kodaks under "Cameras."

The one other feature in connection with the "Articles" column to which attention should be directed, is that of the special "Notes" shown in connection with the description of many articles.

These notes are of great importance, and should be carefully read in connection with the items referring to them, as they may affect shipments in various ways. A

note may prescribe specific packing or container requirements, as in the case of "cigarettes" (page 57 of the Classification), and of "mattresses" (page 79); it may relate to the valuation of property, as is the case under "household goods" (page 94); to the different kinds of articles that can be included in a carload under a carload rating, as is reflected under "machinery" (page 105); or to any one of the almost innumerable cases.

As these are special provisions, each applies only as specified, and each should therefore be carefully studied and a practical application made whenever it applies to the instance under consideration.

Gist of Chapter VII

The mechanical make-up of the Classification includes the arrangement of the book as a whole, the arrangement of the items on the pages, and the different styles of type used. Each feature has a bearing on the application of the ratings. You cannot afford to overlook any one of them.

Moreover, it is extremely helpful to know just where to turn for the explanation of a rule, the explanation of a symbol, etc. Inability to find this information or to interpret correctly some provision of the Classification has put more than one shipper's balance on the wrong side of the ledger, and closed the door to success for many men in traffic work.

1. Participating Carriers

A Chicago manufacturer of musical instruments wants to send a carload of pianos to Minneapolis, Minn., via the Chicago, Milwaukee and St. Paul Railway. How can he determine whether or not the ratings shown in the Consolidated Classification apply via this line?

2. Characters, Symbols, and Abbreviations

(a) Refer to Item 2, on page 46, LaSalle Consolidated Classification No. 1. A star (*) appears

before the first rating shown in the "Southern" rating column. Where is this symbol explained, and what does it indicate?

(b) One hundred 10-gallon cans of milk are shipped via the Pennsylvania Railroad from Ft. Wayne, Ind., to Chicago, Ill. Where does Item 21 on page 114 of LaSalle Consolidated Classification No. 1 indicate that provisions covering this shipment are to be found?

3. Articles not Otherwise Indexed by Name

What item on page 91 provides the ratings which would apply on a shipment of wooden spade handles in the rough?

4. General Headings and Subheadings

Refer to page 60 in LaSalle Consolidated Classification No. 1. Which items on this page are general headings? What other item or items must be read in connection with Item 10? With Item 24?

5. Specific Provisions Within a Particular Item

A horse-drawn ambulance, weighing 1,000 pounds, is shipped loose (set up and without packing) from Kansas City, Mo., to Fargo, N.Dak. What item or items on page 154, LaSalle Consolidated Classification No. 1, provide the rating which would apply on this shipment? On what weight would charges be assessed?

6. Mixed Carloads

A hardware dealer in Tulsa, Okla., placed an order with an Omaha paint manufacturer for 30,000 pounds of ready mixed paints put up in pails and packed in boxes (page 120, Items 13 and 14). At the same time he ordered from another Omaha house 200 horse blankets packed in boxes (page 91, Item 21), weighing 1,500 pounds, and asked to have the blankets delivered to the paint manufacturer in order that they might be loaded in the car with the paint. Interpreting the items covering these two articles by themselves, without regard to any provision which may be made elsewhere, was the

weight on which charges were assessed less than if the carload of paint and the blankets had been shipped separately?

7. *Special Provisions Applying in Connection with Articles*

A cotton grower shipped to a cotton broker at Waco, Texas, five bales of cotton compressed to a density of twenty pounds per cubic foot. Cotton N.O.I.B.N. is shown in Item 3, page 63, of LaSalle Classification. The broker contended that the correct rating on the shipment was second class as shown under the Western Classification; the railroad company agent contended that first class as shown under Western Classification was the proper rating. Who was correct in his contention, the railroad agent or the broker and what authority could he cite to show that his contention was correct?

Chapter VIII

HOW TO USE A FREIGHT CLASSIFICATION

In the preceding chapter the discussion dealt largely with the contents and arrangements of a freight classification and with the broader or more general phases of classification interpretation, in order that the reader might have a ground knowledge of the essentials of classification interpretation before entering into the more detailed phases.

A few illustrations of the steps required in looking up the rating of an article are now in order. Each of the situations selected for this purpose differs from the others in some particular. It will be well to follow the explanations step by step, so that you may become familiar with the more mechanical features in using the Classification; but do not make the mistake, prevalent among ultra-practical men, of regarding the actual reading of the classifications as of greater value to you than the somewhat general discussions which have gone before.

It takes a comparatively short time to teach a clerk how to look up ratings in a purely mechanical manner, and he may do his work quite satisfactorily, so long as nothing more is required of him. But if a man hopes to rise in his profession, he must be able to interpret correctly the fine points of distinction between various articles, and to justify the ratings as provided in the Classification, or be ready to state what they should be, and to prove his contention. This is equally true whether he is in the service of a railroad, an industry, or a chamber of commerce.

Not uncommonly, when the rating assigned to a particular article has been changed as the result of some investigation, the ratings assigned to other articles which are similar from a transportation point of view or which may be competitive, have remained unaltered. It then

becomes the duty of the traffic expert to single out such inequalities, and, should they work to the disadvantage of the organization which he serves, to suggest an equitable adjustment which may be made without undue disturbance. To accomplish this he must, of course, be proficient in interpreting the classification provisions as they are at a particular time, and he must also know the angles developed in similar cases which have been heard by the Classification Committee or passed upon by the Interstate Commerce Commission, and the relative weight attached to the various factors involved. Even at the risk of becoming tiresome, let us stress once more the necessity for keeping in mind all the points which have been developed, when using the Classification, in order to see to exactly what extent the influence of each point can be detected in the ratings and provisions assigned the various articles.

Some Practical Examples

Lead Pencils in Boxes.—What is the proper rating to apply on a box of lead pencils, if the movement is governed by the Official Classification? The Southern Classification? The Western Classification?

First refer to the "Index to Articles" in the forepart of the LaSalle Classification for a general heading to apply on pencils, regardless of the particular kind of pencil in this shipment. On page xxv the word "Pencils" appears and refers to page 124, items 1–4. Now turn to page 124 in the body of the Classification. Item 1 reads "Pencils." This item is the general heading. It carries no rating. Items 2, 3, and 4 name different kinds of pencils and show the ratings which apply on each. Item 2 provides for lead pencils in boxes a first-class rating under the Official Classification, the Southern Classification, and the Western Classification. The first-class rating therefore applies on a box of lead pencils when the shipment is governed by any one of these three classifications.

Pipe Tongs in Barrels.—What is the proper rating to apply on a shipment of pipe tongs, packed in barrels, if the movement is governed by the Official Classification? The Southern Classification? The Western Classification?

Again, refer first to the "Index to Articles." On page xxxi is listed, "Tongs, Pipe." Opposite "Tongs, Pipe," reference is made to page 149, item 25. The index is very comprehensive, and many of the articles listed are cross-indexed. Thus, in this case, on page xxvi, this same article is again listed as "Pipe Tongs." The page and item reference is the same as shown on page xxxi. Now turn to page 149 in the body of the Classification. Item 25 shows that for pipe tongs packed in barrels the Official and Western Classifications provide a third-class rating, but the Southern Classification provides a second-class rating. Therefore, third class is the proper rating to apply if the movement is governed by either the Official or the Western Classification, but second class if it is governed by the Southern Classification.

Salad Dressing.—How should a less-than-carload quantity of salad dressing be prepared for shipment so as to entitle it to the lowest rating under the Official Classification? The Southern Classification? The Western Classification?

In the index, salad dressing is listed on page xviii as "Dressing, Salad," and again on page xxvii as "Salad Dressing." In both places reference is made to page 135, item 20 and page 136, item 1. Item 20 on page 135 in the body of the Classification shows the general heading "Sauces, Table, N.O.I.B.N.," including "Salad Dressing."

A careful reading of the separate divisions in this item, shows that a difference is made in the ratings according to whether the manner in which the shipment is prepared affords greater or less risk of damage in transit. If the salad dressing is in glass or earthenware containers, the Official Classification provides a first-class rating,

whether these containers are packed in crates, barrels, or boxes; the Southern Classification, first class if in crates and second class if in barrels or boxes; and the Western Classification, second class if in crates and third class if in barrels or boxes. If the salad dressing is put up in metal cans and the cans packed in barrels or boxes, however, or if it is put up in barrels without any inner container (in bulk), it is given a third-class rating in all three classifications; in bulk in kits or pails, under the Official and Southern Classifications, second class applies, and under the Western, third class.

Therefore, the lowest less-than-carload rating, third class, would apply under the Official and Southern Classifications if the salad dressing was put up in metal cans which were packed in barrels or boxes, or if it were in bulk in barrels. Under the Western Classification the shipper has a wider range of choice, as third class applies when the salad dressing is prepared for shipment in any of the ways described, except when in glass or earthenware containers which are packed in crates.

Glass and Earthenware Containers.—The requirements set forth in Item 1, must be met when glass or earthenware containers packed in crates are used, for in connection with this packing description reference to this note is made. The note provides: (1) that the capacity of the individual containers must be more than one quart, but not more than one gallon; (2) that each container must be inclosed in an individual corrugated strawboard box of specified construction and strength; (3) that containers with a capacity not to exceed six gallons (eighteen three-pint containers, twelve two-quart containers, or six one-gallon containers, would equal six gallons) may be inclosed in a single crate, which must have a solid bottom and not to exceed three-inch openings between the slats on the other surfaces. Unless all these specifications are met, the ratings as provided for the articles "In glass, or earthenware, packed in crates," do not apply.

If, however, instead of a less-than-carload shipment, a carload of any one kind of table sauce N.O.I.B.N., or of various kinds of table sauces—such as prepared horseradish, prepared mustard, pepper sauce, salad dressing, etc.—is to be shipped, a fifth-class rating applies under the Official and Western Classifications, and a sixth-class rating under the Southern Classification. The sauces must be prepared for shipment "in packages named," which means in any of the ways prescribed for less-than-carload shipment, but these lower carload ratings may not be applied on a weight of less than 36,000 pounds.

Oil Paintings, Boxed.—What is the proper rating to apply on a boxed oil painting valued at $450 which weighs 200 pounds, if the shipment is governed by the Official Classification? The Southern Classification? The Western Classification?

Paintings are listed on page xxv of the Index to Articles, and reference is made to page 120, items 1–7. The general heading of the indicated items in the body of the Classification covers Paintings or Pictures N.O.I.B.N. As oil paintings are not specifically provided for elsewhere in the Classification, they are properly included under this general heading. Now read carefully items 2 to 5. It is apparent that the rating applicable is dependent on the value of the paintings. The painting in the problem under consideration is valued at $450 and weighs 200 pounds, which makes the value average $2.25 per pound. This valuation is more than $2 per pound but not more than $5 per pound, and, therefore, the rating applicable as provided in Item 4 is 3t1 (three times first class) under any one of the three classifications.

As provided under items 6 and 7 on page 120, the shipper is required to sign a written statement of the value of the painting, or the shipment will be refused. In no case will paintings valued at more than $5 per pound be accepted (Item 5, page 120), as the regular freight service is not suited to handling articles of extraor-

dinary value. Such shipments should be forwarded by express in order that they may be properly safeguarded.

Ladies' Shirtwaists in Boxes.—What is the proper rating to apply on ladies' shirtwaists packed in boxes, under the Official Classification? The Southern Classification? The Western Classification?

Search the index from beginning to end, and you will not find "shirtwaists" listed. Since they are not specifically named, they must be included under some more general term. A shirtwaist is an article of clothing, and therefore it will be logical to look to the item covering clothing in general for the rating to apply on shirtwaists. "Clothing N.O.I.B.N." is listed on page xvi of the index, and reference is made to page 59, Item 4. As shirtwaists are not anywhere more specifically described they are properly classified in accordance with Item 4, page 59, covering "Clothing N.O.I.B.N." Therefore, the proper rating is first class under each of the three classifications named.

Classification Relationship

The foregoing analysis of the Classification provisions indicates the relationship to which the great body of the articles of commerce not otherwise provided for is subject. It has been the purpose of this work so to present the conditions under which the existing system was evolved, and so to exemplify each phase, that the reader may acquire the ability to master for himself the real problems with which he must cope in his professional work.

A mass of facts, stored away in a man's mind, no matter how comprehensive, contrasts poorly with the ability to bring basic principles to bear on any problem which may arise, and so to work out the correct solution, confidently, logically, accurately. Precedent may be lacking, or memory may fail, but fundamental principles remain unaltered, and reasoning may be adapted to meet changed

conditions. It is this ability, acquired thru being led to think on the subjects with which he must deal in the practical life before him, which constitutes the genuine advantage that the trained man possesses over the untrained, thruout his subsequent career.

Moreover, the classification of freight is a perennial problem. Because the classification prescribes a certain set of conditions to govern the movement of an article of commerce to-day, it does not follow that these conditions will remain unchanged six months from now. Changing conditions afford great opportunities for alert and ambitious workers. Never before has traffic work offered greater rewards for new methods, keen insight, and real executive ability.

Finding in the Classification the item which covers a particular article is only the first step in determining the transportation charge. After it is located, the item must be interpreted with relation to the shipment in hand; the carload basis must be compared with that for less than carloads; and the effect of the various packing requirements as well as of special notes or provisions within the item itself, and the possible bearing of any of the rules of the Classification must be carefully weighed.

Another possibility which must not be lost sight of is that an article may be entirely removed from the jurisdiction of the Classification. It has already been explained that a particular classification applies only as indicated on the title page of the class-rate tariff in which the rates covering the movement are published. Such a title page may provide that the issue is subject not only to a specified classification "and reissues thereof," but also "and exceptions thereto." It remains, therefore, for us to see what these "exceptions" are, what purpose they serve, and what bearing they have on the movement of traffic.

Gist of Chapter VIII

After all, "The proof of the pudding is in the eating." Now that you have learned how to use the classification you will want to see what you can do by yourself. A few articles are suggested below but without doubt you will enjoy rating many others as well.

1. Rating Articles

Use LaSalle Consolidated Classification to look up each of these articles:

Alfalfa Meal	Stenographic Notebooks
Canoes	Piano Benches
Jute Filling	Automobile Axles
Rice Flour	Electric Cooking Ranges

How should a less-than-carload shipment be packed in order to enjoy the lowest rating?

In what particulars do the provisions of the Southern Classiffication differ from those of the Official Classification?

What is the lowest weight on which the carload ratings may be applied?

Chapter IX

CLASSIFICATION EXCEPTIONS

As emphasized in a previous chapter, the current classification was not at first formulated as a single issue, but is the result of a gradual evolution. Originally each carrier had its own classification, but as the movement of thru traffic developed, it became apparent that such an arrangement was not only cumbersome, but that it tended to restrict the flow of traffic. Carriers serving particular sections, recognizing their community of interest, arranged to consolidate their issues and to become parties to a single classification which would apply thruout the entire section.

A classification for such broad applications must necessarily contain only a more or less general grouping of articles into classes, and rules and regulations of a general nature adapted to the needs of a large geographical unit and a wide range of conditions. Naturally, within such a large territory transportation conditions and trade considerations vary greatly, so that not infrequently the general good and the best interests of a single line and a particular section are at variance.

A classification provision which is acceptable to the majority of the interested carriers may work to the disadvantage of others. Each carrier, therefore, in becoming a party to the general classification, reserves the right to issue for its own use special provisions covering such items as are not suitably taken care of in the classification proper. These special provisions, which represent deviations from the classification, are known as "Exceptions," and when properly published and referred to either by an individual line or by an agent in behalf of a group of lines, take precedence over the corresponding provisions in the governing classification.

Definition of "Exception."—In traffic terminology, when used as relating to classification, an "exception," "exception to classification," and "classification exception" all mean the same thing and are used interchangeably. The best concise definition of an exception that the author can give, is that it is a specific rating, rule, regulation, or provision supplemental to or differing from the corresponding provision carried in the freight classification to which it is an exception.

There must, however, be some published authority for thus deviating from the published classification, and this authority is attained by incorporating the exception in either the tariff carrying the rate applying, or in a separately published schedule known as "Exceptions to Classification" or "Classification Exceptions."

These schedules are usually a combination of classification exceptions, and rules and regulations. They are, therefore, frequently referred to as rules circulars. Such schedules may be published by an individual railroad or by an agent who has been authorized to act for a number of carriers. As is true of a freight classification, the schedules containing exceptions and rules must be published in accordance with the prescribed regulations of the Interstate Commerce Commission, and before they can become effective must be filed with that body.

Comparison of Classification and Exception Items

The following items, taken from the Consolidated Classification, together with exceptions which alter or supplement the provisions of the governing classification, will make more clear the purpose served by these special issues. It must be borne in mind that each exception applies in a restricted area only, and does not affect the provisions of the governing classification thruout the remainder of the territory. A comparison of each classification item with the corresponding classification exception, is both interesting and instructive.

In Official Classification Territory

It will be seen from the reproduction from the classification which appears in Figure 8, that under the Official Classification no rating is provided for carload shipments of anthracite or semi-anthracite coal. The symbol shown in the "Official" rating column indicates that such shipments are subject to the rates and regulations of individual carriers. (See Item 6, page 59, of LaSalle Classification.)

Classification:

ARTICLES	RATINGS		
	Official	Southern	Western
COAL:			
Anthracite or Semi-Anthracite:			
In bags, barrels or boxes, L. C. L..	4	5	4
In packages or in bulk, C. L., min. wt. 40,000 lbs.....	◇	6	D

Figure 8. The symbol ◇ in the Official Classification indicates that shipments of anthracite and semi-anthracite coal are subject to rules and regulations of individual carriers.

By incorporating the provisions reproduced in Figure 9 in the Exceptions to Official Classification, the Hocking Valley Railroad provides a basis for computing rates on carload shipments of anthracite coal moving between any two stations on that line. (See Item 35, page 7, of Exceptions to Official Classification.)

Exception:

Coal, Anthracite, C. L., minimum weight 40,000 lbs.	80% of 6th Class	Between all H. V.R.R. stations

Figure 9. The above table from the Exceptions to Official Classification provides the rating and regulations to be used under the symbol ◇ in the Official column of Figure 8 and fixes the basis of charges.

In this way, the rate to apply on a shipment moving between any two stations on the Hocking Valley Railroad is made 80 per cent of the sixth-class rate. Assume that the scale of rates shown on page 85 applies from station "A" to station "B."

The sixth-class rate in this scale is 33½ cents. The rate to apply on a shipment of anthracite coal moving from station "A" to station "B" is therefore 80 per cent of 33½ cents, or 27 cents.

This method of publishing exceptions is frequently used by the Central Freight Association, for in one small item it is possible to establish special rates between a large number of stations.

Common earthenware and stoneware when packed in barrels, boxes, or crates is rated fourth class in the Official Classification, as shown in Figure 10. (See Items 21 and 22, page 129, LaSalle Consolidated Freight Classification.)

Classification:

ARTICLES	RATINGS		
	Official	Southern	Western
POTTERY:			
Earthenware or stoneware:			
Common brown or gray Jugware, consisting of Bowls, Churn Bodies, Crocks, Jars, Jugs, Pans, Pitchers or Pots:			
Packed in barrels, boxes or crates, L. C. L.	4	4	4
In packages named, or packed in excelsior, hay, straw or similar packing material, C. L., min. wt. 24,000 lbs., subject to Rule 34	5	6	B

Figure 10. In this reproduction from the Official Classification, you will note that earthenware or stoneware, when packed as indicated, is rated fourth-class in Official Territory. Refer to Figure 11 and you will find an exception to this ruling.

Under the general rules of the classifications, the carriers would ordinarily refuse to accept shipments of these articles unless packed. Roads in Central Freight Association Territory (see map 2 of *Atlas of Traffic Maps*)

are willing to accept, under special provisions, shipments of this character when loose, and therefore publish an exception as shown in Figure 11. (See Item 55, page 8, Exceptions to Official Classification.)

Exception:

Crockery and Stoneware, loose, in less carload quantities, will be accepted under the following conditions only: 1st—Shipments must be carefully and safely loaded so as to prevent breakage, and shippers must execute release to the carriers for any and all damage, except that caused by wrecking car..... 2nd.—Number and articles must be properly specified in bill of lading, for example: 100—1 gallon jars. 52—1 gallon pans. 3rd.—Delivery to the carriers will be considered as acceptance by shippers that these terms are wholly agreed to. And carriers will not accept shipments billed as "1 lot of crockery," or "1 lot of earthenware" or any other such terms.	1st Class	Territory A

Figure 11. Under this exception to the ruling shown in Figure 10, roads in the Central Freight Association will accept earthenware and stoneware when shipped loose.

The carriers in Territory A have agreed to do this on traffic moving via their lines, but in return they require the shipper to load his own freight, to release the carrier from liability for damage (except when caused by a wreck), and to pay charges on the basis of the first-class rate instead of the fourth class.

In Southern Classification Territory

In the next item, the Southern Classification provides a Class D rating (shown in Figure 12) for carload shipments of cottonseed, but this rating may not be applied on less than 30,000 pounds, for that is the minimum weight named. (See Item 21, page 137, LaSalle Classification.)

Classification:

ARTICLES	RATINGS		
	Official	Southern	Western
SEEDS:			
Cotton:			
In bags, barrels or boxes, L. C. L..	3	6	3
In packages or in bulk, C. L., min. wt. 30,000 lbs.....	6	D	A

Figure 12. This item from the Southern Classification provides a Class D rating for carload shipments of cottonseed in carload lots and establishes a minimum weight of 30,000 pounds. Note the exception in Figure 13.

In the Exception to Southern Classification, the Mobile and Ohio Railroad has incorporated the item shown in Figure 13. (See Note 4, page 6, Exceptions to Southern Classification.)

Exception:

Handling Remnants Shipments of Cotton Seed

At the close of each season, remnant shipments of cotton seed will be handled to points at which there are cotton seed oil mills, at the carload rate, actual weight, except that not more than one remnant will be handled from the same shipper and point of origin to the same consignee and destination at the carload rate.

Remnant shipments of cotton seed of 10,000 pounds or less must be packed or in bags; shipments of over 10,000 pounds may be shipped loose but must be loaded by shipper and unloaded by consignee.

Figure 13. Here we find that in the Southern Classification, the Mobile and Ohio railroad, will, under certain conditions, accept shipments of cotton seed weighing less than the minimum established in Figure 12,—at C. L. rates.

The purpose of this item is to enable shippers in the territory which the Mobile and Ohio Railroad serves to "clean up" at the end of the season by shipping at the carload rate such small quantities of seed as might be left over. The minimum weight is disregarded on only one such "remnant" shipment from one shipper and point of origin to one consignee and destination.

Under Southern Classification, a second-class rating is provided for new wooden meat shipping refrigerator boxes and a fourth-class for old boxes of this descrip-

tion as is shown in Figure 14 below (see Item 9, page 50, LaSalle Freight Classification).

Classification:

ARTICLES	RATINGS		
	Official	Southern	Western
BOXES:			
Meat Shipping Refrigerator, wooden:			
New, loose or in packages.....	3	2	2
Old, loose or in packages.....	3	4	4

Figure 14. Refrigerator boxes used in shipping meat products are used over and over again. While the Southern Classification authorizes a second-class rating on new boxes and a fourth-class on old, the exception cited in Figure 15 authorizes the free return of used boxes to original point of shipment.

These boxes can be used a number of times but if no special provisions were made for their return the cost of returning them to the original point of shipment would add materially to the expense of using such boxes. In order, therefore, to provide for the free return of these articles there is incorporated in the Exceptions to Southern Classification an item such as reproduced in Figure 15. (See Note 6, page 7, Exceptions to Southern Classification.)

Exception:

RETURNED MEAT BOXES, HOOKS, ETC.

Refrigerator barrels, boxes, galvanized iron pans, galvanized iron tanks, ice cones, hooks, meat sticks, racks and stilts, used in the carriage of meat or packing house products in refrigerator cars; the rates include return transportation via same line over which originally shipped.

Figure 15. This exception to Southern Classification saves shipper thousands of dollars each year because it authorizes the free return of wooden refrigerator boxes used in shipping meat products which as we have seen in Figure 14 take a fourth-class rating.

It will be noticed that this excerpt from the Exception to Classification provides for the free return movement of various articles used in connection with the transportation of meats in refrigerator cars and further, that in

order to secure this free return the articles must be sent back over the same line via which they were originally shipped.

In Western Classification Territory

In the excerpt of Western Classification shown as Figure 16, crackers and cakes in less-than-carload quantities are given a first-class, second-class, or third-class rating, depending on the manner in which the shipment is packed. These ratings, as is usual with less-than-carload ratings, are not predicated on a shipment of any specified weight. (Item 19, page 41, LaSalle Classification.)

The item reproduced in Figure 17 appears in the exceptions which apply in Western Territory. (Item 50, page 9, Exceptions to Western Classification.)

A third-class rate is thus made to apply on crackers and cakes packed in any of the ways specified, each single shipment to be charged on a weight of not less than 5,000 pounds. This is not a carload minimum weight, but is similar, in that it is the least weight in connection with which the provisions in the item may be taken advantage of. On smaller shipments the less-than-carload ratings provided in the Classification properly apply unless 5,000 pounds at third class results in a lower charge. Figure 18 shows that in the Western Classification both broom handles and mop handles are accorded a Class A rating in carload lots and that each is subject to a minimum weight of 36,000 pounds; whereas tent pins, with a minimum weight of 24,000 pounds, are assigned to third class. (Item 2, page 91; Items 15, 16, page 115, and Item 10, page 147, of LaSalle Classification.) As these articles are listed under separate items in the Classification they could not be shipped as a mixed carload, but by the use of the excerpt from the classification exceptions shown in Figure 19 a carload mixture is authorized.

Classification:

ARTICLES	RATINGS		
	Official	Southern	Western
Biscuits, Bread, Cakes, Crackers, Matzos, Pretzels or Toast, N.O. I.B.N.:			
In cartons in crates, L. C. L.....	2	1	2
In fibre or metal cans with glass fronts, glass protected by corrugated fibreboard or wood, or without glass fronts, in crates, L. C. L.....	2	4	2
In fibre or metal cans with or without glass fronts, in shipping racks, L. C. L.....	2	4	2
In shipping baskets with basket work covers, L. C. L.....	1	2	1
In shipping baskets with solid wooden covers, L. C. L.....	1	3	2
In wheeled carriers, wood, fibreboard and iron or steel combined, locked or sealed with metal seals, L. C. L.....	2	4	3
In barrels or boxes, L. C. L.....	2	4	3
In packages named, in fibre or metal cans with or without glass fronts, loose, or in wrapped cartons loaded in ends of box cars and securely braced across car, C. L., min. wt. 20,000 lbs., subject to Rule 34.....	4	5	4

Figure 16. In Western Classification shipments of crackers and cakes in less-than-carload lots range from first to third-class, depending upon the packing. Another rating for shipments of 5,000 pounds is provided by the exception shown in Figure 17.

Exception:

Crackers, in Minimum Lots of 5,000 Pounds: Crackers, Cakes, Fruit Biscuits, packed in paper cartons, pulpboard cases, or in boxes, barrels, crates, fibre or metal cans or in baskets in straight or mixed lots, loaded at end of box cars, securely held in place by crating or slats across cars, in minimum lots of 5,000 pounds.	Third Class Rates

Figure 17. The 5,000 minimum weight mentioned in this exception is not a carload minimum weight, but is similar to one inasmuch as it is the least weight at which the provisions in this section may be taken advantage of.

Classification:

ARTICLES	RATINGS		
	Official	Southern	Western
HANDLES:			
Broom, wooden:			
In bundles, L. C. L.	3	4	3
In boxes or crates, L. C. L.	3	4	4
Loose or in packages, C. L., min. wt. 36,000 lbs.	5	6	A
Mop Parts:			
Handles, wooden:			
In bundles, L. C. L.	3	3	3
In boxes or crates, L. C. L.	3	3	4
Loose or in packages, C. L., min. wt. 36,000 lbs.	5	6	A
Tents and Tent Pins (Tent Stakes), wooden, Tent Slides (Tent Keys), wooden, or Tent Poles, wooden, loose or in packages as provided for straight carload shipments, mixed C. L., min. wt. 24,000 lbs., subject to Rule 34.	3	3	3

Figure 18. Under Western Classification broom and mop handles take a Class A rating with a 36,000 pounds minimum, while tent pins take third-class with 24,000 pounds as minimum subject to certain conditions. The exception shown in Figure 19 assigns a different rating to these articles, whether in straight or mixed carload shipments.

The item reproduced in Figure 19 is also taken from an exception sheet applying in the territory governed by the Western Classification. (Item 105, page 10, Exceptions to Western Classification.)

Exception:

Handles: Broom and Mop Handles, in the white, in straight or mixed carloads, or in mixed carloads with not to exceed 12,000 pounds of Tent Pins; minimum weight 36,000 pounds.	.....	D

Figure 19. In this exception a Class D rating is made to apply on a carload of either mop or broom handles in straight to mixed carloads or on a mixed carload of broom handles, mop handles and tent pins.

Figure 19 which is a reproduction from an exception sheet of the Western Classification shows not only how an exception may give an article a rating different from that named in the classification but also how provision for a mixed carload of articles may be made. In the classification both broom handles and mop handles, carload, take a Class A rating while the exception gives them a Class D rating, and also provides that they will take this rating in mixed carloads or when mixed with tent pins.

In this item a Class D rating is provided to apply on a carload of broom handles alone or mop handles alone; on a carload made up of both broom handles and mop handles; or on a carload made up of broom handles, mop handles, and tent pins.

These reproductions reflect only a very few of the almost innumerable deviations from the classification ratings and rules that are carried in exception sheets and rules circulars of the carriers.

What an Exception or Special Provision May Cover.—An exception or special provision may cover the movement of one article or commodity from one point to another, or it may cover the movement of a number of articles or commodities from a number of points to a number of other points. It may consist of only a change in a rating, in the minimum weight applicable, in the packing requirements, or in any requirement of the classification, or it may apply to any combination or all of these different phases. It may be some rule or regulation not provided for in the classification. It may apply in any or all particulars between only two points, or over a large territory. In short, an exception may be issued whenever a carrier deems it advisable to prescribe special conditions for the movement of particular traffic different from, or supplemental to, those given in the classification, which would otherwise govern.

Application of Exceptions.—As is reflected in the preceding paragraph, the application of an exception or special rule is not usually as broad as that of the classification; and as a rule an exception or special provision takes precedence over the classification, but *only* when so specified and *only* to the extent authorized by the tariff under which the shipment moves.

In other words, if the tariff naming the rate provides on either its title page or within itself that it is subject to or governed by a particular exception sheet or rules circular, then an exception or rule that may be provided in the governing publication will apply, but is subject to any restrictions that the rate tariff may place upon its application.

To make the foregoing clearer, assume that the title page of the tariff naming the rate applicable bears the notation, "Governed by Official Classification No. 100." In such a case no exception to the classification would apply, as no exception is referred to by the rate tariff. But now assume that the notation reads "Governed by Official Classification No. 100 and by Exceptions thereto." In this case the exceptions would take precedence over the classification. Now, assume that the notation reads "Governed, except as otherwise provided herein, by Official Classification No. 100." In this case any exception carried in the rate tariff would take precedence over the classification, but any exception carried in a publication other than the rate tariff, would have no effect. And, lastly, assume that the notation reads "Governed, except as otherwise provided herein, by Official Classification No. 100 and by Exceptions thereto." In this instance any exception provided within the tariff would take precedence over any exception provided in the exceptions to the classification. If there was no exception in the tariff itself, any exception provided in the exceptions to the classification would take precedence over the Official Classification. Of course, if there was

no exception carried in the tariff or in the exception sheets, the Official Classification itself would govern.

Territorial Exceptions.—As it has been developed that exceptions are carried in three different kinds of publications, namely, rate tariffs, individual line and agency exception sheets, and rules circulars, we shall outline briefly the application of exceptions in relation to the three main interstate classifications.

Emphasis, however, is laid upon the fact that the following discussion, having reference to what may be called territorial exception sheets and rules circulars, are but outlines, and that there are a great many instances where variations exist. It is again stressed that an exception sheet or rules circular applies only when so specified, by and to the extent indicated by the rate tariff under which the shipment moves.

Exceptions to Official Classification.—With the exception of those carried in a publication issued by the Central Freight Tariff Bureau, virtually all classification exceptions and special rules applying within Official Classification Territory are shown in the individual issues of the various lines operating in that territory.

The publication of the Central Freight Tariff Bureau referred to is commonly known as "Exceptions to Official Classification." Its title page is reproduced in Figure 20.

From the title carried by this issue, it might easily be inferred that it is applicable to the entire Official Classification Territory; but such is not the case, as it applies principally from points in territories described therein, mainly the Central Freight Association Territory, and part of the Trunk Line Association Territory, and from points in C. F. A. Territory to certain points in Canada; but as in the case of all such publications, its application is restricted to tariffs that are made subject to it. This will be seen by reading the facsimile title page shown.

While this exception sheet does not apply over the entire Official Classification Territory, a great many lines

Only three Supplements to this Tariff will be in effect at any time.

C. R. C. No. 728.
Ill. P. U. C. No. 92.
Ind. R. C. No. D-471.
Mich. P. U. C. No. 283.
Ohio No. 816.

CANCELS
C. R. C. No. 668.
Ill. P. U. C. No. 88.
Ind. R. C. No. D-468.
Mich. P. U. C. No. 217.
Ohio No. 668.

I. C. C. No. 1162.
S. R. No. 8.
P. S. C-S N. Y. No. 88.
P. S. C-Pa. No. 88.
P. S. C-W. Va. No. 46.

CANCELS
I. C. C. No. 662.
S. R. No. 8.
P. S. C-S N. Y. No. 46.
P. S. C-Pa. No. 88.
P. S. C-W. Va. No. 34.

(For Additional Cancellations see Page 5.)

CENTRAL FREIGHT ASSOCIATION
TARIFF BUREAU
W. J. KELLY, AGENT.

FREIGHT TARIFF No. 130-M
Canada Freight Tariff No. 130-L

(For Individual Carriers' Tariff Numbers, refer to pages 3 and 4)

EXCEPTIONS TO OFFICIAL CLASSIFICATION

ALSO

RENTAL CHARGES, RULES AND REGULATIONS, ESTIMATED AND MINIMUM WEIGHTS, ETC.

BETWEEN POINTS IN OFFICIAL CLASSIFICATION TERRITORY AS DESCRIBED ON PAGES 94 TO 96

The provisions of tariff apply only on traffic covered by tariffs which make reference herein, or which make reference to publications superseded hereby.

Except as otherwise provided ratings shown herein, are subject to the rules, conditions and other requirements of Official Classification.

By authority of Rule 77, of Interstate Commerce Commission Tariff Circular No. 13-A, Items 768 and 5710 are not made applicable from all intermediate points. Upon reasonable request thereto rates which will not exceed those in effect from more distant points will, under authority granted by the Interstate Commerce Commission, be established from any intermediate point hereunder, upon one day's notice to the Commission and to the public.

ISSUED JUNE 29, 1921

EFFECTIVE AUGUST 10, 1921
(Except as noted in individual Items.)

Item 5974, issued on five days' notice, under Special Permission of the Interstate Commerce Commission, No. 30007, of June 30, 1921.

Items 5407, 5977, 5978, 6002, 6155, 6201, 6202, 6203, 6204, 6301, 6302, 6304, 6305, 6307 and 6309 are issued on five days' notice under Special Permission of the Interstate Commerce Commission No. 30008, of July 1, 1921.

Issued by
W. J. KELLY, Agent,
Chicago, Ill.

(12,000) DATE RECEIVED C-7070
Month..... Date..... Year.....

Figure 20. Here is a reproduction of the cover page of the carriers authorized publication known as Exceptions to Official Classification. The wording might lead one to believe that the exceptions contained in it are applicable to the entire Official Classification Territory. This, however, is not the case. It has important limitations which are outlined in the text.

operating in that territory are parties to the issue, and many tariffs are made subject to it.

Exceptions to Southern Classification.—Exceptions to the Southern Classification were formerly included as a section of that classification, but since the consolidation of the three major classifications, the exceptions have been issued in a separately published schedule entitled "Exceptions to Southern Classification," which is issued by an agent representing all carriers who are parties to the issue.

In addition to the exceptions made by the carriers themselves, a number of the individual states require exceptions that apply on traffic moving within the respective state.

From the title page reproduced in Figure 21, it will be noticed that the exceptions apply only where freight tariffs specifically state that the rates contained therein are governed by the exceptions.

Exceptions to Western Classification.—Exceptions to the Western Classification are published for the most part by various freight committees of the carriers, and are largely regional in their application. The principal agency issues are those of the Western Freight Tariff Bureau, the Southwestern Lines Tariff Bureau, and the Pacific Freight Tariff Bureau.

There are two issues published by the Western Freight Tariff Bureau, one known as Circular 1 Series and the other as Circular 17 Series. A reproduction of the title page of Circular 1 Series is shown as Figure 22. These two publications apply mainly within the Western Trunk Line Territory[1] on interstate traffic, and in addition upon state traffic of several of the states lying within that territory.

The Southwestern Lines's issues are in three series, namely, Southwestern Lines Classification Exceptions and Rules Circular 1, 2, and 3.

[1]For Western Trunk Line Territory, see Map No. 10, *Atlas of Traffic Maps.*

ONLY THESE SUPPLEMENTS TO THIS ISSUE WILL BE IN FORCE AT ANY TIME.

I. C. C. No. 4

UNITED STATES RAILROAD ADMINISTRATION

Director General of Railroads.

J. E. CROSLAND

FEDERAL AGENT for roads under Federal Control (see pages iv and v) under authority of Appointment Notice No. 2, filed with the Interstate Commerce Commission by the Director General of Railroads.

AGENT AND ATTORNEY for roads not under Federal Control (see pages vi and vii.)

EXCEPTIONS No. 1

TO

SOUTHERN CLASSIFICATION

No. 44 (J. E. CROSLAND'S I. C. C. No. 3, AND SUPPLEMENTS THERETO OR REISSUES THEREOF.)

AS PUBLISHED IN

CONSOLIDATED FREIGHT CLASSIFICATION No. 1

These Exceptions apply only where Freight Tariffs specifically state that the rates contained therein are governed hereby.

SUBJECT TO CHANGE ON LEGAL NOTICE.

ISSUED DECEMBER 8, 1919. EFFECTIVE DECEMBER 30, 1919.

Issued on ten days' notice under special permission of the Interstate Commerce Commission No. 48681 of November 28, 1919.

ISSUED BY
J. E. CROSLAND, Agent,
215 Transportation Building,
ATLANTA, GA.

COMMUNICATIONS REGARDING PROVISIONS PUBLISHED HEREIN SHOULD BE ADDRESSED TO THE TRAFFIC OFFICIALS OF THE LINES PARTICIPATING IN THE RATES MADE SUBJECT TO THESE EXCEPTIONS, AS SHOWN IN TARIFFS PUBLISHING SUCH RATES.

(87565) COURIER JOURNAL JOB PTG. CO., LOUISVILLE

Figure 21. The reproduction of this title page conveys an accurate conception of the general appearance of the publication known as Exceptions No. 1 to Southern Classification. It applies in Southern Classification Territory.

Southwestern Lines's Classification Exceptions and Rules Circular.—By reference to the title page of Southwestern Lines's Classification Exceptions and Rules Circular No. 1 Series, which is reproduced in Figure 23, it will be observed that this schedule applies on traffic originating at or destined to points in Louisiana or Texas, and also includes traffic originating at or destined to Texarkana, Ark.-Tex. Series No. 2 applies on traffic originating at or destined to points in Arkansas, Louisiana, Missouri, and Oklahoma. Series No. 3 governs on traffic originating at or destined to points in Oklahoma.

The applications just given are but groupings or outlines; and in order to ascertain which schedule would apply on a given movement, it would be necessary to refer to the tariff governing, as each of the schedules carry the same notation as shown on the title page of No. 1 Series, which, it will be observed, reads "Governing traffic originating at or destined to points in * * * and moving under tariffs which are specifically made subject hereto."

The Pacific Freight Tariff Bureau issue is designated as "Exception Sheet No. 1," and applies principally on traffic moving from and to points in the territory; roughly, from Denver, Colo., on the east to the Pacific Ocean on the west.

In addition to its interstate application, this issue applies quite generally on California and Arizona intrastate traffic, but like all exception sheets and rules circulars, it applies only on traffic covered by tariffs that make reference to it specifically.

In addition to these so-called "agency exception sheets" previously referred to, the freight tariffs issued by the Transcontinental Freight Bureau, which are governed by the Western Classification and apply on transcontinental traffic, carry within themselves numerous exceptions to the Western Classification, as do the individual publications of some of the lines which are parties to that classification.

Only three Supplements to this Circular will be in effect at any time.

I. C. C. No. A-1691.
Cancels I. C. C. No. A-874.

WESTERN FREIGHT TARIFF BUREAU

P. S. C.-Mo. No. 128.
Cancels P. S. C.-Mo. No. 98.

C. R. C. No. A-469.
Cancels C. R. C. No. A-367.

I. P. U. C. No. 60.
Cancels I. P. U. C. No. 51.

Mich. P. U. C. No. 61.
Cancels Mich. P. U. C. No. 50.

Minn. R. C. No. 64.
Cancels Minn. R. C. No. 41.

Ind. R. C. No. A-64.
Cancels Ind. R. C. No. A-48.

CIRCULAR No. 1-O

(Cancels Circular No. 1-N)

See pages 4 and 5, inclusive, for List of Issuing Carriers.

See pages 2 and 3 for Cancellations of Individual Lines' Numbers.

Rules, Regulations and Exceptions to Classifications

Rules, Regulations and Exceptions shown herein will take precedence over the classifications governing tariffs made subject hereto.

RULES, REGULATIONS AND EXCEPTIONS PUBLISHED IN THIS CIRCULAR APPLY AS INDICATED IN THE VARIOUS SECTIONS HEREOF.

SPECIFIC RULES PROVIDED IN TARIFFS GOVERNED BY THIS CIRCULAR WILL TAKE PRECEDENCE OVER RULES PROVIDED HEREIN.

ISSUED MAY 22, 1920

EFFECTIVE JULY 12, 1920
(Except as noted in individual rules.)

Note 1.—Reduced rates provided for in this schedule are filed on five (5) days' notice under authority of the Interstate Commerce Commission's Reduced Rate Order No. 263 of May 6, 1920, without formal hearing, which approval shall not affect any subsequent proceeding relative thereto.

Issued by
R. R. BOYD, Agent,
Chicago, Ill.

(20,000)

File No. 28.

(E-16976)

Figure 22. Illustrating the appearance of the title page of the Exception Sheet issued by the Western Freight Traffic Bureau which applies on all shipments within certain parts of Western Classification Territory.

Only three supplements to this Classification will be in effect at any time.

P. S. C.-Mo.-No. 119 of F. A. Leland, Agent
Cancels P. S. C. Mo.-No. 102.
C. R. C. No. 681 of W. J. Kelly, Agent
Cancels C. R.-C. No. 158, of F. A. Leland, Agent.
OHIO No. 771 of W. J. Kelly, Agent
Cancels Ohio No. 6, of F. A. Leland, Agent.

I. C. C. No. 1436
Cancels I. C. C. No. 1322.
F. A. Leland, Agent
I. C. C. No. 1009
Cancels I. C. C. No. 909.
W. J. Kelly, Agent.

SOUTHWESTERN LINES' CLASSIFICATION EXCEPTIONS AND RULES-CIRCULAR No. 1-J

(Cancels Southwestern Lines' Classification Exceptions and Rules Circular No. 1-I)

(For Individual Lines' Tariff Numbers, Current and Cancelled, see pages 3 and 4)

STAMP HERE

DATE RECEIVED

CONTAINING

EXCEPTIONS TO WESTERN CLASSIFICATION No. 56

(CONSOLIDATED FREIGHT CLASSIFICATION No. 1)

(R. C. Fyfe's I. C. C. No. 14, P. S. C.-Mo.-No. 5), or reissues

—AND—

RULES AND CONDITIONS

GOVERNING TRAFFIC ORIGINATING AT OR DESTINED TO POINTS IN

LOUISIANA AND TEXAS, ALSO TEXARKANA, ARK.-TEX.

(See Item No. 42, or reissues)

AND MOVING UNDER TARIFFS WHICH ARE SPECIFICALLY MADE SUBJECT HERETO.

NOTE—Whenever a carload or less-than-carload commodity rate is established, it removes the application of the class rate to or from the same points on that commodity in carload quantities or less-than-carload quantites (as the case may be), except when and in so far as alternative use of class and commodity rates is specifically provided for by including in different sections of one and the same tariff such class and commodity rates, and by including in each section of such tariff the specific rule: "If the rates in Section — of this tariff make a lower charge on any shipment than the rates in Section — of this Tariff, the rates in Section — will be applied."

The ratings named in this Classification are subject to the conditions of the carriers' bills of lading, and (unless otherwise provided to the contrary) to the rules, conditions and requirements of Western Classification No. 56 (Consolidated Freight Classification No. 1), (R. C. Fyfe's I. C. C. No. 14, P. S. C.-Mo.-No. 5), or reissues.

This Classification contains rates that are higher for shorter distances than for longer distances over the same route, such departure from the terms of the Amended Fourth Section of the Act to Regulate Commerce is permitted by authority of Interstate Commerce Commission's Fourth Section Order No. 7700 of August 4, 1920 and Fourth Section Orders as indicated in individual items herein.
Exception—Will not apply on traffic moving wholly within the State of Missouri.

ISSUED NOVEMBER 27, 1920. EFFECTIVE JANUARY 15, 1921.

ISSUED BY

W. J. KELLY, Agent, CHICAGO, ILL.

F. A. LELAND, Agent, ST. LOUIS, MO.

Authority No. 26212.

Figure 23. The Southwestern Line's Tariff Bureau publishes several exception sheets to the Western Classification. This reproduction shows the cover of one of them and is representative of the other classification exception sheets applying in this territory.

Classification Exceptions Summary.—Before summarizing the foregoing discussion of special provisions and classification exceptions, the reader should understand that ordinarily these two terms mean the same thing and are often used interchangeably. Technically, there may be a difference, but the distinction is so finely drawn that in practice it is usually ignored.

While exceptions are of great importance in ascertaining the proper transportation charge and the rights and privileges of shippers and carriers, there are no broad principles underlying them such as there are in connection with the classification of freight. They are, largely, special provisions made to meet unusual or local conditions, are restricted in their application, and can be used only on traffic governed by a particular tariff that specifically makes reference to them. They are, in fact, just a mass of details, one unit of which will apply in one instance and be of no effect in the next.

Whether or not there is an exception that will apply in connection with a given shipment or movement, must be ascertained in the light of all the conditions surrounding the particular shipment or movement.

It is because painstaking attention to details in order to ascertain whether or not an exception will apply in a specific instance is usually required, that it is so much easier to conclude that none applies, or rather, to take a chance that none applies and let it go at that. It is frequently difficult to find an exception and usually easy to overlook it, but an exception or special rule, when it does apply, is of importance; and the effort and time required to make sure of one's ground is usually more than paid for in the monetary saving or the benefits accruing thru the utilization of a privilege granted.

There is possibly no angle of classification work that will indicate more quickly whether or not a man is thoro in his work, than will his handling of the classification exceptions. The better type of traffic employe always

devotes to this subject the full measure of his best effort, which its importance justifies.

As exception sheets and rules circulars must be applied as directed by the tariff covering a specific movement, it will be well for the reader to remember the importance of classification exceptions when using the rate tariffs that will be furnished later in this course.

Gist of Chapter IX

Now is the time for you to test your understanding of the application of some of these exceptions, just as you will have to do in your everyday work. First find what the Classification provides, and then find the item in the Exceptions which changes these provisions. Do not overlook the limitations of the territories in which each of the exceptions applies; these are in no way less important than the provision itself.

APPLICATION OF EXCEPTIONS TO OFFICIAL CLASSIFICATION

1. Change in Packing Provisions

In what way does Item 145, on page 9, Exceptions to Official Classification, alter the Official Classification packing requirements and ratings applying on fresh tomatoes shipped from Columbus, Ohio, to Harrisburg, Pa.?

2. Rating Reduced

How great a reduction from the regular classification basis does Item 10, on page 7, of Exceptions to Official Classification provide for a carload of crinkled paper bags shipped from Detroit, Mich., to Montreal, Que.? On what minimum weight does this special rating apply?

APPLICATION OF EXCEPTIONS TO SOUTHERN CLASSIFICATION

3. *Farm Equipment, Mixed Carloads*

What special provision is made in Southeastern Mississippi Valley Territory for a mixed carload of various kinds of farm equipment? How does the minimum weight and the rating compare with the minimum weights and the ratings provided in the Southern Classification for the separate articles?

4. *Returned Carriers*

The Southern Classification provides a sixth-class, any-quantity rating for old (used) iron barrels, such as the galvanized iron refrigerator barrels in which poultry is shipped in refrigerator cars. On what basis does the Southern Railway agree to handle the return movement of these barrels when the tariff refers to "Note 6?"

APPLICATION OF EXCEPTIONS TO WESTERN CLASSIFICATION

5. *Movement of Household Goods*

A family living in Little Rock, Ark., moves to Wister, Okla. They pack their household goods as required by Note 3, page 94, LaSalle Consolidated Classification No. 1, and ship them from Little Rock to Wister as a carload. The total weight is 10,000 pounds, and the value of each article is declared as 20 cents per pound. Using, for the purpose of illustration, the class-rate scale shown on page 85, in which the third-class rate is 67 cents, and the Class D rate is 25 cents, what would it cost the shipper if the application of the special provision in Exceptions to Western Classification was overlooked?

6. *Mixed Carload Permitted*

The owner of a sheep ranch ships 17,000 pounds of wool in the grease, and 8,000 pounds of angora goat hair

(mohair) from Aberdeen, S. D., to Council Bluffs, Iowa, in a 36-foot car. The entire shipment is packed in bags. The Classification makes no provision for a mixed carload of these two commodities. Again, using the rate scale on page 85, how much less would the freight charges on this shipment be by reason of the application of Item 255 Exceptions to Western Classification, than if no exception had been published?

PART II

Interpretation of Classification Rules

STANFORD LIBRARIES

Chapter X

INTERPRETATION OF CLASSIFICATION RULES

Any organization that does a large volume of business, that employs many men, or that has transactions with many persons, finds it necessary to prescribe rules for the conduct of its business.

Such rules are necessary in order that the relationship existing between the organization and its customers may be clearly defined and understood, as well as that the employes of the organization may know what their duties are and how to perform them; in short, that a uniform policy of operation may be established.

If the establishing of rules is essential to conducting the business of one organization, which, no matter how extensive its business, has but a limited number of customers, how much more necessary becomes the prescribing and enforcement of rules for the conduct of the coördinated transportation business of the entire country.

Because the ramifications of transportation extend into every form of commercial activity, and because the transportation companies—and by transportation companies is meant the railroad and steamship lines—occupy a peculiar relationship to the public inasmuch as they are privately owned and operated but perform a public function, it is absolutely necessary that the conditions under which they sell transportation may be known to all who use their services.

It is thus to define the general relationship of the transportation companies to their patrons, and to set forth under what conditions carriers sell the service of transportation, that the general rules of the freight classification are made and published.

More specifically, these general rules are provisions made to reduce the risk to the carriers thru prescribing adequate packing requirements and methods of shipment; to prevent abuse of the carriers' equipment and facilities; to require proper description of shipments; to define the meanings of certain terms used elsewhere in the classification; to set forth certain rights and privileges of both carriers and shippers; to, in so far as may be, clarify and provide authoritative determination of situations frequently arising and easily subject to dispute; to conserve the carriers' revenue and to insure protection and impartial service to all shippers.

While many individual items in the body of the classification carry specific regulations which apply only in connection with the articles in those items, the general rules are applicable to all commodities and all shipments unless there are specific exceptions elsewhere made.

In accordance with the requirements of the Interstate Commerce Commission, the general rules are grouped in the fore part of the classification. Further, these rules are carefully indexed and extensively cross-indexed as an aid in locating the rules applicable to a given subject or situation, such as the minimum charge, articles not accepted for transportation by freight, freight in excess of full carloads, etc.

The importance of these general provisions to both shippers and carriers can hardly be overestimated. An increase or decrease in a rate applying between two points affects only those persons who are concerned with traffic moving between those two points. A change in rating affects the transportation charge only on the article assigned that rating, but a change in the general rule for marking freight may affect all shippers and receivers of freight. It is thus evident that on account of the broad application of these rules, they are of extreme importance to all concerned. Even tho the importance of this is clearly apparent, the average shipper and traffic employe, unfortunately, do not give to the

classification rules the thoro study and analysis they deserve. Many think, perhaps, that when the proper rating to apply on an article has been ascertained, the main requirement of properly interpreting the classification has been fullfilled. As a matter of fact, however, the proper interpretation of a rule may be of primary importance, as rules frequently affect the amount of the transportation charge to a much greater degree than does the rating.

Because a thoro knowledge of the general rules of the classification, together with their proper interpretation, is essential to the study of traffic as well as to the solving of everyday traffic problems, the following pages are devoted to a demonstration of their application and interpretation.

Like a rating or special regulation of the classification, the general rules are from time to time changed to meet altered conditions. To a very large extent, the underlying purposes remain unchanged. Consequently the changes in the rules are usually of a minor nature.

The following interpretation and application of the general rules in many cases cover only those phases that are most commonly met in practical usage. To analyze them in every detail and under all the various conditions that might arise is not desirable because, as already stated, the rules are subject to change and the analyses are given more as a guide to their proper interpretation than as a hard-and-fast application to be followed literally in actual traffic work. The proper application of a rule to a situation as it may arise, requires study and a knowledge of all the circumstances surrounding the particular case. A change of a few words in a rule may change its entire application; therefore, there should be no attempt to apply these interpretations to a shipment that actually moves, without taking into consideration all the facts surrounding the particular shipment and having due regard for the rules that may be currently in effect.

In order to derive the most benefit from the study of these interpretations, students should refer constantly to the General Rules in the LaSalle Consolidated Freight Classification No. 1. This classification will be referred to in the text, hereafter, as the LaSalle Classification.

Before going into the interpretation of each rule, it will be well to read the rule in its entirety, and to refer again to the different phases and sections as they are taken up and discussed.

Rule 1
BILLS OF LADING

Articles Classified Subject or Not Subject to Uniform Bill of Lading Conditions—Insurance Against Marine Risks—Rates Will Apply Only on Property Shipped Subject to the Conditions of Carrier's Bill of Lading.

Whenever a common carrier accepts a shipment to be transported by rail, it makes a contract with the shipper whereby it agrees to deliver the property at a specified destination. Generally this contract is incorporated in a form known as a bill of lading, upon which is printed the conditions governing the acceptance, movement, and delivery of the shipment.

Bills of lading are of several kinds; but as they are fully explained and treated in detail later in this course, only those forms most commonly used for the ordinary domestic shipment will be discussed at this time, and then only to the extent necessary to enable the reader to understand fully such classification rules as make reference to them.

The carriers in each of the three classification territories have agreed upon and adopted for use on all lines in those territories, a bill of lading known as the Uniform Domestic Bill of Lading.

The Uniform Domestic Bill of Lading is in turn divided into two kinds—(1) the Straight Bill of Lading, (2) the Order Bill of Lading.[1]

[1] The prescribed forms of the Straight and Order Uniform Bills of Lading are reproduced in LaSalle Consolidated Classification No. 1.

It will be noted that the principal differences on the faces of these two bills are that the Straight Bill of Lading is not negotiable; that it carries no notation requiring that it be surrendered properly indorsed, before the property will be delivered; and that a shipment covered thereby is consigned direct to the consignee. While the Order Bill of Lading carries no prohibition against its being used as a negotiable document, it does require that the original bill of lading, properly indorsed, be surrendered before the property will be delivered, and the property covered thereby is consigned "Order of." In both cases, the conditions of the contract of shipment are shown on the back of the bill. The conditions of the Uniform Straight Bill, and those of the Uniform Order Bill are identical.

As stated in the preceding paragraphs, a bill of lading is a contract entered into between the owner of the property covered by the bill, and the carrier. If the owner and carrier did not make some such contract defining the rights, duties, and responsibilities of each, the liability of the carrier in case of loss, damage, or delay to the goods would be practically unlimited. At least, the carrier's liability would be limited only as provided by the Common Law, which holds the carrier responsible for the safe transportation and delivery of the goods except when loss, damage, or delay is occasioned by an "Act of God, public enemy, defect or vice in the property, seizure by the courts, or an act or omission on the part of the owner of the property."

Naturally, the bill of lading conditions restrict the liability of the carrier to a greater extent than provided for under the Common Law. As is pointed out in the section of the course devoted to transportation law, it is a fundamental principle of law that a carrier cannot limit its legal liability with regard to the goods it accepts for transportation, unless it gives the shipper some corresponding advantage.

Consequently, virtually all freight rates—with the exception of those applying on live stock, and in some few other instances—are made under the assumption that shipments will be made under the conditions of the Uniform Bill of Lading. If the shipper does not elect to release the carrier from part of its liability by executing such a bill of lading, the carrier, when assuming such increased liability, will make a higher charge than would apply if shipment was made under the regular bill of lading.

Rule 1 (a), provides that, except as otherwise provided, all shipments made subject to the provisions of either the Official Classification, the Southern Classification, or the Western Classification will be made under the conditions of the Uniform Bill of Lading. If a shipment is not made under the Uniform Bill of Lading, the rates as named in the given tariff will not apply, but will be subject to the provisions of paragraphs (d) and (e).

Rule 1 (b), gives the shipper the option of shipping property under the Uniform Bill of Lading or under the increased liability imposed upon the carrier by the Common Law and the federal and state statutes.

Rule 1 (c), provides that shipments made subject to all the terms and conditions of the Uniform Bill of Lading will be carried at the reduced rates applicable to property when made subject to such bill of lading. It will be observed that if any one of the conditions of the Uniform Bill of Lading is not accepted by the shipper, the rates applicable under that bill of lading will not apply. It will further be observed that if the shipper fails to notify the carrier, at time shipment is tendered, that he does not accept all the terms of the Uniform Bill, it will be assumed that he desires that the property be carried subject to the terms and conditions of that bill of lading.

Rule 1 (d), provides that if a shipment is carried not subject to all the terms and conditions of the Uniform

Bill of Lading, the rate will be increased 10 per cent, subject to a minimum increase of 1 cent per 100 pounds, over the proper rate which would be charged for the property if shipped subject to all the terms and conditions of the Uniform Bill of Lading. For instance, if the published rate is 5 cents per 100 pounds, and the shipper does not elect to subscribe to the terms of the Uniform Bill of Lading, the rate is increased 10 per cent. As 10 per cent of 5 cents is only ½ cent, which is less than the minimum increase quoted in the rule, 1 cent would be added to the regular rate, making 6 cents. On the other hand, assuming that the rate be 25 cents, 10 per cent would mean an increase of 2½ cents, making the rate 27½ cents.

Rule 1 (e): The great majority of freight shipments delivered to the rail carriers for transportation move on the regularly published rates, which are properly applicable when the shipper subscribes to all the terms and conditions of the Uniform Bill of Lading, either Domestic or Export as the case may be. In unusual cases only, do shippers take exception to any, or all, of the terms and conditions of the Uniform Bill of Lading. It becomes necessary therefore, not only for the shipper to notify the carrier when he wishes the carrier to assume full liability, limited only as provided by common law, but also for the carrier's agent to print, write, or stamp a notation to this effect on the bill of lading which is executed to cover such a shipment. The exact wording of the notation to be used and signed by the agent is prescribed in paragraph (e) of Rule 1.

Rule 1 (f): While the Consolidated Freight Classification is formulated primarily to govern shipments moving via rail carriers, steamship companies also may, and do, elect to become parties to it and to issue tariffs governed by it. Particularly when the water carriers operate regularly established lines either in conjunction, or in competition, with a railroad use of the same classification often proves of great advantage to them. It has there-

fore become quite a general practice for water carriers offering coastwise or river service, to publish tariffs subject to the rules and other provisions of the classification which applies generally in the territory from which the water carrier expects to attract tonnage. Rule 1 (f), however, states that unless so provided in the tariff applicable, the carriers will not assume the cost of insurance against marine risk.

Rule 2

WRONG DESCRIPTION OF FREIGHT

Penalties for False Billing, and so forth, by Carriers, Their Officers, and Agents—Penalties for False Representation by Shippers—Inspection of Property—Corrections in Description—Descriptions Should Conform to Classification Descriptions—Shipping Orders Must Show Number of Articles.

A warning to both carriers and shippers that there are severe penalties for giving or receiving, thru willful misrepresentation, a lower transportation charge than is legally in effect, is embodied in Rule 2. Owners of property transported are entitled to the lowest charge that may properly be assessed, but this does not mean that such lower charge can be given or secured thru intentional misrepresentation; and, as ignorance of the law is no excuse, everyone having to do with traffic should read this rule very carefully.

Section 1, *Rule 2:* This section is largely an extract from Section 10 of the Interstate Commerce Act. The portion of Section 10 quoted in the rule is directed against the carriers, and makes it unlawful for any common carrier subject to the Interstate Commerce Act, or any representative of such carrier, by means of false billing, classification, weight, report of weight, or by any other device or means, knowingly and willfully to assist or

willfully suffer or permit any person or persons to obtain transportation for property at less than the regular rates then in effect on the line of such common carrier. The penalty for violation of this law is imprisonment in the penitentiary for a term not exceeding two years, or a fine not exceeding $5,000, or both, for each offense.

Section 2, *Rule 2:* This section is also largely an excerpt from Section 10 of the Interstate Commerce Act, and is directed to the shipper or his agent. A careful reading will show that a shipper or his agent may not lawfully, thru knowing and willful misrepresentation, even attempt, either directly or indirectly, to obtain transportation for property at less than the transportation charge then established and in force on the line of the carrier. The penalty for violation of this statute by the shipper is a penitentiary sentence of not exceeding two years, or a fine not exceeding $5,000, or both, for each offense.

Some shippers are under the impression that the penalties of the law are directed solely against the carriers. Even a hasty reading of the law as given in this rule would serve to dispell any such conception. Furthermore, the Division of Inquiry of the Interstate Commerce Commission is actively enforcing the provisions of this section. In an annual report of the Interstate Commerce Commission, it is shown that out of twenty-eight indictments secured for violation of the law in one year, only three were against carriers or their agents.

As an indication of the practical application of this statute, one investigation concerning the practices of a certain shipper developed that he was describing art-glass lamp shades, which were provided in the governing classification with a double first-class rating, as decorated glass lamp shades, or globes, which took a first-class rating in the same publication. After investigation had developed that this wrong describing of shipments was being practiced intentionally and knowingly, the shipper was heavily penalized.

The numerous convictions and penalties imposed are conclusive evidence of the futility of attempts to obtain a minor saving in transportation expense, when the imposition of a single fine is sufficient to wipe out all the monetary gain that might be realized from many such transactions, to say nothing of the possibility of a penitentiary sentence.

Section 3, *Rule 2:* This section, taken with the last paragraph of Section 2, places upon the carrier the obligation to verify the accuracy and honesty of the description furnished by the consignor whenever a question may arise.

For their own protection, and in order to facilitate the working of this law, the carriers maintain organizations in the several classification territories, one of the functions of which is to inspect shipments in order to detect misdescriptions. These organizations are: The Central Inspection and Weighing Bureau in the Official Classification Territory, the Western Weighing and Inspection Bureau in the Western Classification Territory, and the Southern Weighing and Inspection Bureau in the Southern Classification Territory. These bureaus have been developed to a high degree of efficiency by means of a corps of trained inspectors stationed at the larger freight transfer, junction, and terminal points thruout each of the classification territories. They are charged with the careful and systematic inspection and examination of property delivered to the carriers for transportation and are clothed with authority to open and inspect any shipment in the possession of the carrier.

Section 4, *Rule 2:* This section requires that when property has been found to have been incorrectly described the correct description must be given so that the correct charges may be collected. This applies to misdescription resulting in overcharges quite as much as misdescriptions resulting in undercharges. There is only one rate which may lawfully be applied on any shipment. If charges are collected on any other basis,

the law requires the carrier to make the necessary adjustments.

Section 5, *Rule 2:* The first sentence of this section stresses the importance of shippers familiarizing themselves with the classification rules and descriptions of articles. All shippers should do this, not only as self-protection against coming in conflict with the law, but also in order that they may know how to secure the lowest proper charge for transporting their property.

In making out a shipping ticket or bill of lading, indefinite description of the articles and of how they are packed should never be used. The description should be complete and specific, and should conform to that given in the classification.

In so far as overcharges on less-than-carload shipments are concerned, the vast majority of such overcharges are probably caused by indefinite, incomplete, or incorrect description of the articles in the shipment, and the manner in which they are packed. For example, by reference to the LaSalle Classification, it will be found that a less-than-carload shipment of wooden wardrobes if S. U. (set up) in boxes or crates, takes double the first-class rate in all three classifications; if K. D. (knocked down) in bundles the same shipments take the first-class rate under the Official and under Southern Classifications and the second-class rate under the Western Classification, while, if K. D. in boxes or crates, they take the first-class rate under Official Classification and the second-class rate under the Southern and the Western Classifications.

If a shipment were described on the bill of lading merely as "2 crates wooden wardrobes" the charges would, in all probability, be assessed as tho the wardrobes were set up. If the shipment was knocked down and crated but described on the bill of lading merely as "2 wooden wardrobes K. D.," it is probable that charges would be assessed as tho they were not crated. Care must therefore be taken in describing the method of packing.

Similar conditions govern the classification of pencils. For lead pencils, in boxes, a first-class rate is authorized, while for slate pencils, in boxes, a second-class rate is provided. If a shipment which consisted of slate pencils were described simply as pencils, it would be charged at first class, altho entitled to a second-class rate.

In describing a shipment on the shipping ticket or bill of lading, it should always be borne in mind that the railroad clerk rates the shipment according to the description on the bill of lading; the billing clerk bills it accordingly and the revising clerk checks the rate according to the description on the waybill. This description is taken from the bill of lading. In the majority of instances, no one of these three men ever see the shipment, and each is guided almost solely by the description on the bill of lading and waybill. If the description is not clear and complete, and there is any doubt as to the correct rating applicable, the higher charge is almost invariably assessed.

Such general terms as merchandise, sundries, fancy goods, or groceries should never be used, as they have no definite classification meaning and might apply to a multitude of commodities of different ratings such as clothing, furs, trimmed millinery, glassware, raisins, flour, and the like. These general descriptions convey to the carrier absolutely no idea of the character of the goods, and are therefore insufficient basis for the computation of the correct charge.

Bills of lading and shipping tickets[1] covering less-than-carload shipments should also specify the number of pieces in the shipment. This means that if a shipment consists of one bundle containing ten iron castings, loose, the bill of lading should so specify. If such information is not shown on the bill of lading and waybill, the man who checks the shipment into the car, the one who checks it out, and the one who delivers it to the consignee, has

[1]A form made by individual firms to conform to individual needs; virtually a substitute for the bill of lading, and bears a notation, stamped upon its face, that it is subject to the conditions of the authorized bill of lading.

no way of knowing whether there should be ten or twenty castings in the consignment.

A full, accurate, and complete description on the bill of lading also facilitates the adjustment of claims, as it shows specifically what the shipment consisted of and how it was packed.

Rule 3

PROPERTY OF EXTRAORDINARY VALUE

List of Articles of Extraordinary Value Which Will Not Be Accepted by Carriers.

The freight service is not adapted to the safe transportation of articles of extraordinary value. Such articles must be under the closest supervision from the moment they are accepted by the carrier until final delivery is made. The express companies are organized to perform just this kind of service, and their entire system is calculated to furnish the particular type of service such shipments require.

Unless otherwise specifically provided for, the rail lines refuse to accept shipments of bank bills, coin or currency, deeds, drafts, notes or valuable papers of any kind; jewelry, postage stamps or articles with postage stamps affixed; precious metals or articles manufactured therefrom; precious stones, revenue stamps, or other articles of extraordinary value. Carriers' agents can not accept such articles unless they have assured themselves that either the classification, or a tariff, provides for their acceptance.

Rule 4

FREIGHT LIABLE TO DAMAGE OTHER FREIGHT

Carriers Not Obligated to Carry Such Freight—May be Accepted Subject to Delay.

Unless some specific provision is made to the contrary, a common carrier is ordinarily obliged to accept for transportation any or all articles named in the classification to which the carrier is a party. It would, however, prove disadvantageous to the carrier and to the shipper as well, were the carrier obliged, without certain protective regulations, to accept freight which would be liable to damage or depreciate the value of other freight. It is this phase of the transportation problem that Rule 4 is designed to cover.

It is obvious that if a commodity liable to leakage or having an offensive odor should be loaded in the same car with other articles liable to absorption or contamination, the former would probably permeate the latter, rendering them unfit for use, or at least depreciating their value, with the undoubted result that the carrier would be called upon to pay for the damage. As an example, green hides loaded with a general run of merchandise would be liable not only to permeate many of the commodities with a very disagreeable odor, but if placed against a bale or even a box, would likely damage the contents thru staining them.

This rule also authorizes the carriers to protect their vehicles and equipment against undue damage. A car that is suitable for transporting the higher, or even the average run of package freight, must be clean and free from serious defects. If freight of a damaging nature were loaded into such a car, it would thereafter not be fit for miscellaneous package freight, but would have to be assigned for loading with "rough freight" only, such as pig iron, coke, coal, stone, brick, and the like. The following is a good illustration of this:

A carrier, located in Western Classification Territory and serving the asphalt district in Utah, loaded several cars with asphaltum, in what are known as slack barrels. This consignment was destined to a point in the South, and, owing to climatic conditions, the asphalt became heated and oozed thru the seams and over the tops of the barrels. In ran over the car floor, and caked thereon, with the result that these cars were made unfit for merchandise traffic and had to be used as rough-freight equipment.

It will be noted that Rule 4 authorizes the carrier to refuse freight liable to damage other freight or carriers' equipment. Such action is not obligatory, however, as the second paragraph states that such freight may be accepted and receipted for "subject to delay for suitable equipment." This clause, of course, relieves the carrier of responsibility for failing to transport such freight promptly

Rule 5

WHEN PACKAGES DO NOT CONFORM TO PACKING REQUIREMENTS

Freight Accepted Only in Form Specified—"In Barrels" Defined—Freight in Insecure Packages Not Accepted—Acceptance of Articles Not enclosed in Containers—Freight Must Be enclosed by Container—Fragile Articles to Be Protected—Definition of "Packed"—Articles Accepted Loose—Construction of Containers.

One of the most important questions in connection with the transportation of articles of commerce (and it is especially important in less-than-carload shipments) is the proper packing of articles and the use of containers adequate to protect the property. This matter has never received from shippers the attention it deserves, and in this respect, the average shipper has for years been so derelict that the carriers have, for self-protection, literally been forced to prescribe minute and in some instances drastic regulations which must be observed.

Inferior packing and flimsy containers annually cost both the shipping public and the common carriers hun-

dreds of thousands of dollars thru damage to property, and are also a prolific source of higher transportation charges.

As was shown in the preceding discussion of classification principles, the Interstate Commerce Commission has held that the manner in which an article is prepared for shipment should influence the assignment of its rating. This element is reflected thruout the classification in the higher ratings assigned to articles when so packed as to be more liable to damage.

In packing freight for shipment, four distinct points should be considered:

1. What packing material and what style of package will give full protection to the goods and yet be the least expensive?
2. How can the goods be packed so as to insure their being in perfect condition when delivered?
3. What style of packing will secure the lowest classification?
4. What is the minimum amount of dead or tare weight possible in every package?

One essential consideration in packing freight for shipment is the safety of the product. If the goods are received in a damaged condition, the very object of their transportation is defeated. One can, as a rule, collect from the railroad companies for damage suffered in transit; but, after all, safe delivery is the most important service factor to the consignee, and failure to receive the shipment in good condition antagonizes him. The shipper, so far as it is in his power, should see to it that the goods reach their destination in good order.

Neither is it fair to the carrier to pack goods so that even somewhat rough handling will damage them. Freight handlers are not noted for their gentle method of handling freight, but aside from that, a certain amount of rough handling is unavoidable, and no shipper has a right to expect other than ordinary handling of his goods.

The packing material to use and the style of the container depends, of course, upon the nature of the goods to be transported. Articles of a fragile nature should be well packed in a cushioning material in such a manner as to stand any rough handling that they may be subjected to. Any article in a container should be packed snugly and so that it will not shift or slide. An article with an easily defaced surface should have all such surfaces fully protected, either with boards or other suitable material.

Unnecessarily heavy container materials and unnecessarily large containers should not be used, because freight charges are based upon the gross weight of the package, and unnecessary dead weight adds to the transportation cost. There is only one way to determine the style of packing necessary to obtain the lowest freight rate, and that is to study the freight classification carefully. Become thoroly familiar with the different methods and requirements of packing to which the article in question is subject, and the class which applies to each. Expensive errors are regular occurrences, because many shippers do not study and analyze the freight classifications. Some things to guard against are mentioned in the following paragraphs. A study of these will suggest others.

In general, goods which can be packed in boxes or barrels take the same rate when packed either way. If in crates, they are often rated higher than if in boxes or barrels; if in bags, bundles, or loose, they are often still higher. Many commodities when shipped in compressed bales take a lower rating than when the bale is not compressed.

Ordinarily, goods should not be boxed if they take the same rating when crated and the crate affords adequate protection. They should not be boxed or crated if they take the same rating when wrapped in bundles, or loose, when these forms of shipment are sufficient, considering the character of the commodity. Nor should grate bars, castings, and other articles be shipped loose when they take a higher rating in that condition than when wired in

bundles weighing over a certain number of pounds. Where the ratings are different, articles that can as well be shipped knocked down as set up, should be sent knocked down. Machinery, such as shafting, for instance, frequently takes a lower rating if shipped without other parts attached. In the case of shafting, by removing and packing separately such fittings as bearings, pulleys, and wheels, a lower rating on the shafting is secured.

Sometimes, especially on carload shipments, a saving in weight is possible—not in dead weight, but in weight which is paid for tho not actually hauled. Some commodities, such as pleasure vehicles, cannot be loaded so as to make the total weight equal the minimum prescribed for the car used.

A carriage manufacturer, located in Official Classification Territory, found it profitable to alter the shape of his shipping crates, using one shape for less-than-carload lots and another for carload lots, particularly for long hauls with high rates.

When standard crates are used, it is possible to place three buggies in each tier in a car with a high roof, two crates on end, and one on top of these. But this shipper, by using an L-shaped crate and inverting the two top ones, loaded four in a tier instead of three. This meant about 4,500 pounds added to each carload without a cent added to his freight bill.

The amount of dead weight in a shipment depends upon the kind of material used in the construction of the container. Thus, some kinds of lumber are lighter than others. Dry basswood weighs about 2,300 pounds per thousand board feet, while the same quantity of birch weighs 4,000 pounds. The weight of lumber also depends upon whether it is dry or green, as it weighs at least 25 per cent more when green than when dry. Using green or only partly dry lumber for container purposes, therefore, means increased freight bills. Leaving crating lumber to lie out in the rain also means higher freight charges.

Then again, the thickness of the stock used should be considered. In crating, do not use inch stock when seven-eighths-inch stock is sufficiently strong, even tho the cost is the same. There is a difference of 12½ per cent in dead weight.

One large shipper of buggies has all his crating dressed to a given thickness so as to save in dead weight. He finds it cheaper to pay the cost of dressing than to pay freight on the stock that is cut away. Often it may be well to use one thickness of strips for the main frame of a crate and lighter stock for the cross strips.

Of late years, boxes of pulpboard, fibre, or double-faced corrugated strawboard have been substituted to a considerable extent for wooden boxes. These are rated like similar containers of wood, if they comply with certain specifications which are fully set forth in the rules of the classifications of the carriers.

The foregoing paragraphs indicate a few precautions it is necessary to observe in the packing of freight. There are, of course, innumerable other ways of adequately packing articles so as to secure the minimum transportation charge, but the following will enable the reader to gain some idea of the importance of becoming thoroly familiar with freight classifications, in order to secure the benefit of the lowest rates possible.

The efficient traffic manager studies this subject from all possible angles with relation to his own shipments. Summarized, the main factors to be constantly borne in mind in considering this question are as follows:

1. The cost of the package
2. The safety of the goods
3. Conformity to the requirements of the classification
4. The elimination of unnecessary dead weight

No shipment can be said to be properly packed unless all of these points have been considered and weighed against the other. It is not always possible to carry out any single factor to its limit. The advantage gained in

vided in the separate description of articles do not always refer just to the containers. Other forms of packing may be specified. When the articles as loaded by the shipper do not conform to such packing regulations, the rating shall be one class higher (greater) than if the regulations had been fully complied with.

For example: In the separate description of wardrobes, wooden, K. D., in bundles, it is required that the finished surfaces must be protected by being placed face to face with pads or padding between to prevent chafing. If pads or padding are not used, the rating will be one class higher (greater) than if used.

Section 3 (d), *Rule 5:* Study this paragraph in conjunction with Section 2 of the rule. Section 2 specifically states that freight tendered for transportation must be in the form or in containers specified in the separate description of articles. In case, however, that Section 2 has been violated and the article has been accepted and transported in a form or container not authorized, Paragraph (d) provides the basis for assessing the transportation charge. In other words, the object here is not to allow shippers a choice between observance of the packing requirements and paying charges on a higher scale, but rather to take care of cases when such articles have been inadvertently accepted for transportation. Incidentally, the owner of the goods is rather severely penalized thru having to pay considerably higher charges than he would if the articles had been shipped in the containers authorized.

To arrive at the proper ratings under the provisions of this section of Rule 5, requires careful work, as the following examples illustrate: Under the Southern Classification, school textbooks, in boxes, L.C.L., take a rating of first class. Boxes are the only authorized containers for school textbooks. Assuming that a shipment was made in a bag, what rating would apply? The rule provides that dry or solid articles, packed in bags (such a container not being authorized in the descriptions of the articles) will be

rated the same as in bales not machine pressed; but if no rating is provided for this description the proper rating to apply is three classes higher than the rating provided for the articles when packed in boxes. So, since school textbooks in boxes take first class, if they are packed in bags they would take three classes higher. Three classes higher than first class, as provided in Section 8 of this rule, is double first class. Therefore, the proper rating on this shipment—packing in bags taking three classes higher than in boxes—would be double first class.

By referring to the LaSalle Classification it will be seen that for less-than-carload shipments of clam juice the Western Classification provides a third-class rating when the juice is in glass, packed in barrels or boxes, and a fourth-class rating when it is in metal cans, in boxes or barrels.

If a shipment of clam juice is packed in carboys with the necks projecting, instead of in barrels or boxes, the correct rating to apply is first class. This rating is arrived at as follows:

The rule provides that when a commodity is shipped in carboys with the necks projecting, the rating will be two classes higher than if it is shipped in glass, packed in barrels or boxes. Clam juice in glass, packed in barrels or boxes, takes a third-class rating, and two classes higher than third class is first class.

But now assume that the juice had been shipped in *metal cans partially jacketed.* In such a case the correct rating to apply would be first class. This is so because the rule provides that metal cans partially jacketed take one class higher than metal cans completely jacketed, but when there is no provision in the item for metal cans completely jacketed the shipment should be rated three classes higher than if it were packed in barrels or boxes. Since clam juice in metal cans, packed in barrels or boxes, takes fourth class, the correct rating to apply when shipped in metal cans partially jacketed (three classes higher than when in barrels or boxes) is first class.

Section 4, *Rule 5,* requires no explanation, as the meaning is perfectly clear.

Section 5, *Rule 5:* This section requires that unless otherwise provided in the separate description of articles, when containers are specified, such containers must completely surround the articles and no ends or parts of the articles may protrude beyond or thru the container.

Section 6 (a), *Rule 5,* makes it obligatory on the shipper to use such packing within the container between and around articles that are easily broken as may be necessary to protect them.

Section 6 (b), *Rule 5,* defines the term "packed" as meaning adequate protection to the article by use of partitions, wrappers, excelsior, straw, or other suitable packing material.

Section 6 (c), *Rule 5,* places upon the shipper the responsibility of properly blocking and stowing loose articles when loaded by the shipper.

Section 6 (d), *Rule 5:* Some substances are very sensitive to heat. Even a rather slight rise in temperature may have the effect of turning them to liquid or of causing them to expand. When such substances are prepared for shipment care must be taken to safeguard, not only the articles themselves, but also other articles with which they may come in contact. Two precautions must be observed:

1. The containers used must be proof against leakage.
2. Sufficient empty space must be left inside the container to allow for possible expansion.

When oil of any kind is shipped in wooden barrels the requirements of the second paragraph of this section of Rule 5 must be complied with.

Section 7, *Rule 5,* authorizes the carrier to refuse shipments not in a container, when a container is reasonably necessary for the protection and safe transportation of the article, even tho a rating is provided for the article when not in a container.

Section 8, *Rule 5:* Possibility of a misunderstanding

as to just which class is two, three, or any number, of classes higher than first class, is removed by this authoritative statement of the order in which the higher classes are arranged. It will be seen that 1¼ is the next class higher than first class and that 1½ is two classes higher. This makes D 1 three classes higher than first class.

Rule 6

MARKING

Method of Marking Specified—Fragile Articles. Marking—Labels—Freight Exempt from Marking—Comparing Marks with Shipping Order or Bill of Lading—Old Marks to Be Removed—Freight in Excess of Full Cars to Be Marked.

Section 1, *Rule 6:* This is to be read in connection with all other parts of the rule, as it has the effect of making the rule applicable only to less-than-carload and any-quantity freight delivered for transportation at the less-than-carload and any-quantity ratings. Except as shown in Section 2, paragraph (3), this rule is not applicable to carloads.

The first proviso of the section is that unless otherwise provided in specific items of the classifications, in Section 2, paragraph (b) this rule, or in the Interstate Commerce Commission's requirements relating to the transportation of dangerous articles other than explosives, such articles must be marked as specified in Section 2. If not so marked, the freight will not be accepted for transportation.

Section 2 (a), *Rule 6:* Under this section, it is not sufficient to mark one or several of the packages of a shipment, but each individual package or bundle or loose piece of freight must be plainly, legibly, and durably marked. The provisions of Notes 1 and 2 are worthy of careful study.

Note carefully that when there are two or more towns of the same name in the same state, the name of the county must also be shown. Miller, Ind., is a good example of the necessity for this, as there are three towns of that name in Indiana.

When a shipment is consigned to an "inland" town, that is, a town not located on the line of a carrier, it must also be marked with the name of the railroad station at which the consignee will accept delivery. As an example, if the shipment were consigned to Rome, Wis., which is not on a railroad, the marks should show whether delivery was to be made at Hellenville or at Sullivan, Wis., each of these towns being on a railroad, and about an equal distance from Rome.

As explained under Rule 1, the carrier can deliver a shipment covered by an Order Bill of Lading, only upon the surrender of the original bill of lading properly indorsed. In order to protect the carrier against erroneous delivery of a shipment, the fourth paragraph of Section 2 requires that all shipments covered by an Order Bill of Lading bear the mark "to order," and be further marked with an identifying symbol or number which must also be shown on the Bill of Lading, for the purpose of properly segregating packages to be delivered.

An Ohio manufacturer shipped two barrels of chemicals of like appearance to one consignee—one barrel of high value, covered by an *order* bill of lading, and one barrel of low value, covered by a *straight* bill of lading. Neither shipment bore an identifying symbol. The consignee notified the carrier's agent that he would not accept the shipment covered by the *order* bill of lading, but wanted the other shipment—the one covered by the *straight* bill—right away. Because neither shipment carried an identifying symbol, as required in the fourth paragraph of Section 2, the carrier's agent could not tell which barrel to deliver, and which was to be held awaiting shipper's order.

The fifth paragraph of Section 2 makes it permissible to show on the articles in an export shipment the name and address of the broker or agent who will attend to the shipment at the port of exportation.

The sixth paragraph of this section is self-explanatory, merely requiring that packages containing fragile articles or articles in glass or earthenware must be marked "fragile" or show some similar precautionary marks.

Section 2 (b), *Rule 6:* The only exception to marking requirements for less-than-carload and any-quantity

shipments, other than those specified in the individual items and those required for dangerous articles other than explosives, is as given in Section 2 (b) of the rule and applies only to a shipment made from one station by one shipper, in or on one car, in one day, for delivery to one consignee, at one destination, and that the shipment either fills the car to visible capacity or weighs 24,000 pounds or more. Under these circumstances, freight need not be marked.

Section 2 (c), *Rule 6* places upon the shipper the responsibility for seeing that the marking on the freight and the instructions on the Bill of Lading agree. If corrections are necessary, these must be made by the shipper, or the shipper's agent, before the Bill of Lading is signed. Errors of this kind are not at all uncommon and are responsible for considerable loss and delay in delivery.

A wholesale hardware firm in Boston makes many shipments to a dealer located in Springfield, Mass. The firm made a sale to a dealer in Springfield, Ohio, who happened to be of the same name as the one in Springfield, Mass. The clerk who made out the bill of lading, being familiar with the name of the consignee, and looking at but the "Springfield" part of the destination, wrote in "Springfield, Mass.," on the bill of lading covering the shipment intended for the dealer in Springfield, Ohio, for which point the freight itself was marked. Consequently, the shipment arrived at its destination without billing, and there was a lot of delay in making delivery to the consignee, which resulted in a lost customer.

This is a good illustration, as there are approximately 26 post offices in the United States named Springfield.

Section 2 (d), *Rule 6* requires that old consignment marks be removed or effaced. Old consignment marks are often responsible for a shipment's being greatly delayed and frequently for its going astray. If a container is used for a second time, the shipper must make sure that all previous marks are completely removed or made illegible.

Section 2 (e), *Rule 6:* It sometimes happens that in loading a car the shipper finds that the car will not hold all of his shipment and yet there is not enough left over

to warrant the exclusive use of another car. Under the conditions set forth in Rule 24, this excess freight may be forwarded as less-than-carload freight, but still enjoy the benefit of the carload rate. Such excess freight must be marked as tho it were a regular less-than-carload shipment.

While Section 1 states specifically that less-than-carload freight will not be accepted unless the marking requirements are complied with, it sometimes happens that a shipment slips by without being detected. In a case where the question came up as to whether a particular shipment was intended as a carload or a less-than-carload shipment, the Interstate Commerce Commission held that inasmuch as the freight was not marked as required for less-than-carloads, the carload basis was the proper one to apply.[1]

Rule 7

HOW SHIPMENTS SHALL BE MARKED

Detailed Description of Markings on Each Shipment—Regulation as to Markings on Shipments Consigned "To Order."

This rule limits the number of persons who may be a party to a bill of lading, and places restriction as to the destination at which a carrier shall be required to deliver a shipment.

Unless it is otherwise provided, the name of only one shipper, one consignee, and one destination shall be shown on the Bill of Lading. The very first paragraph of the rule makes an exception to this, as it states that on a shipment consigned straight, or "to order," the bill of lading may specify the name of a party to be notified of the shipment's arrival, provided the address of such party is the same as the destination of the shipment.

For example, if John J. Smith of Chicago wanted to ship on a Straight Bill of Lading a carload of machinery

[1] 45 I. C. C., 173.

to himself at New York, but wanted F. R. Doe, at New York, notified of the arrival of the shipment, it would be permissible to show this on the bill of lading.

The second paragraph of this rule specifically requires that the name of the party to whose order the shipment is consigned must be shown on an order bill of lading. In other words, an order bill of lading must show to whose *order* the consignment is subject.

The issuing of either a straight or order bill of lading covering a shipment consigned to one point, with the consignee's address or instructions to notify a party at another point, is permitted only when the consignee or party to notify is located at a point where the carrier cannot make delivery; at a station at which there is no agent; on a rural free delivery route; or at an interior point. When the consignee or party to be notified is located at a prepay station, or on a rural free delivery route, or in the interior, the shipment must be consigned to an open station—one at which there is an agent—designated by the shipper.

Further, when the destination station and the consignee's post office address adjacent to such station are differently named, the issuing of either a straight or order bill of lading for a shipment consigned to one point, and with the consignee's address or instructions to notify the consignee or other party at another point, will be permitted.

The rule specifically states that it does not prohibit showing on the bill of lading the points at which shipments are to be stopped in transit for partial loading or unloading when such loading or unloading is authorized by a tariff governing the shipment.

When a shipment has been forwarded on an order bill of lading the original order bill of lading, properly indorsed, must be surrendered before the carrier releases the shipment covered by it. It sometimes happens, however, that a shipment reaches destination before the party

for whom it is intended can get possession of the bill of lading. Special provision is made to take care of such cases. The carrier is authorized to make delivery of the shipment provided that he receives in lieu of the bill of lading either—

1. A certified check equal to 125 per cent of the invoice value of the shipment; or
2. A bond equal to twice the amount of the invoice value of the shipment; or
3. A blanket bond.

It rests with the carrier to choose which form of surety will be accepted.

Rule 8

CHARGE NOT ADVANCED TO SHIPPER

No Prepayment of Charges for Drayage, Storage, and the Like Allowed to be Made by Carriers.

This rule very plainly and specifically prohibits the carrier from advancing any charges whatsoever to shippers, owners, or consignees of consignments, or to the agents, draymen, or warehousemen of such.

Even tho a shipment may be sent "collect," the shipper must pay the expense of having the shipment hauled to the local freight house, as this rule prohibits the agent of the carrier's paying the truckman's charges and adding them to the freight bill to be collected from the consignee at destination.

Again, a storage company making a shipment of goods against which storage charges had accrued, might want the carrier to pay the storage charge and collect it from the consignee at time the freight was delivered. Rule 8 prohibits this and similar practices on the theory that a carrier is not a collection agency.

Rule 9

WHEN SHIPMENT IS OF LESS VALUE THAN CHARGES

Freight Charges on All Such Shipments Must Be Guaranteed by Shipper—How This Guaranty Shall Be Made—Full Explanation Must Be on Waybill—Liability for Guaranty.

Section 1, *Rule 9,* of this rule makes it compulsory upon a shipper to prepay or guarantee all charges accruing on a shipment if, in the judgment of the carrier's representative at point of shipment, the consignment would not, under forced sale, realize the total amount of such charges.

Section 2, *Rule 9,* permits the guaranteeing of charges, instead of prepaying them, provided the approval of such guaranty is given by the General Freight Department of the initial carrier. It further provides that a full explanation that the charges are guaranteed be shown on the waybill.

Section 3, *Rule 9,* provides that if, for any reason, charges on a guaranteed shipment are not paid at destination, each road will look to the road that delivered shipment to it for reimbursement, the initial line, of course, calling upon the shipper to make good the guaranty and pay all charges.

Rule 10

MIXED CARLOADS

Ruling Regarding Carload Ratings Applicable to Official Classification—Southern and Western Classifications—Special Rulings Regarding Specific Commodities.

When a carload rating or rate is assigned an article, it is assumed that the rating or rate is to be applied on a carload composed solely of that particular article. Frequently, however, a shipper may have a number of different articles which he wishes to ship together, but the

quantity of the separate articles is not sufficient to make a carload of each.

In the absence of some provision for forwarding such articles as a mixed carload, charges on the shipment would be assessed on either the less-than-carload rate applicable to each of the articles, the carload rate and carload minimum weight applicable to one of the articles, and the less-than-carload rate applicable to each of the other articles, or upon the carload rate and minimum carload weight applying to each of the articles. Which of these three bases would apply would depend upon which was the cheapest when applied in connection with the shipment in question.

The Attitude of Carriers toward Mixed Carloads

To the carrier, the cost of handling is practically the same, whether the car is loaded with a single commodity, or the weight is secured by grouping a number of commodities. On the other hand, great freedom in the matter of carload mixtures has a tendency to reduce the revenue of the carriers, inasmuch as it is quite generally the larger, and consequently more profitable less-than-carload shipments, which are thus removed from the realm of higher less-than-carload rates. A review of the more important cases involving carload mixtures which have been heard by the Interstate Commerce Commission, however, indicates that commercial interests, rather than a desire on the part of the carriers, have been the potent factors in preventing greater liberality in this regard.

The policy of the carriers has been influenced largely by the shippers in their respective territories, with the result that for years within certain territory—notably the Official Classification Territory—the privilege of shipping as a mixed carload was accorded to all articles having a carload rating; whereas, in other parts of the country, this privilege was much more restricted.

In the Consolidated Classification Case,[1] the Interstate Commerce Commission went quite fully into this question, and the several excerpts from its decision which are quoted below, present some of the important angles of the subject.

The question whether the mixed-carload rule would result in increased car efficiency and the more economical transportation is entitled to consideration. Some of the traffic that now moves in less than carloads would be consolidated into carloads, and much of the expense in handling it would be thus avoided. However, this might be offset to some extent by shipment of fewer straight carloads than heretofore, for some of the commodities that now move in straight carloads would be used in making up mixed carloads, and it is often not possible to load a car with mixed freight as heavily as with one commodity. An increase in the proportion of the traffic moved in carloads means relief for congested freight houses. It should also be borne in mind that carload traffic involves fewer claims for loss, damage, and delay. Mixed carloads are loaded by the shipper and unloaded by the consignee, and hence the carrier is not entitled to the same compensation as would be yielded by less-than-carload rates.

It was because of the difference under which commercial practices had grown up in the East and the West that Rule 10 was made to provide a different basis for mixtures under Official Classification on one hand, and Southern and the Western Classifications on the other.

Commodity Rates v. Class Rates

This lack of uniformity in the application of Rule 10 is the most conspicuous of the very few instances wherein the general rules of the Consolidated Freight Classification do not apply in all three classification territories alike. Wherein this difference lies will readily be seen when the interpretation of the rule is studied, but before discussing its interpretation, it is necessary to define a "commodity rate" and explain the difference between a *class* rate and a *commodity* rate.

The Class Rate: A class rate is the rate applicable in connection with the rating (designation of the class division) of a classification, and applies alike on all

[1] 54 I. C. C., 18.

articles or commodities that take the same rating. If the second-class rate from Cincinnati, Ohio, to Oakland, Calif., is $4.90 per 100 pounds, this rate will apply from Cincinnati to Oakland on all articles that are given a second-class rating in the Western Classification. It matters not whether the articles be lantern globes, cast-iron toys, sticky fly paper, or what not, just so they take a second-class rating, the second-class rate will apply. The only exception to this would be in cases where a commodity rate was published on some one of the articles, and the commodity rate took precedence over the class rate. In such a case, the commodity rate would apply on the particular article in connection with which it was published.

The Commodity Rate: A commodity rate is a specifically named rate that applies only on the specific articles or commodities named in connection therewith. Let us assume, for instance, that a railroad has published a commodity rate of $4.20 per 100 pounds to apply on L. C. L. shipments of cast-iron toys in boxes when moving from Cincinnati, Ohio, to Oakland, Calif. Now, the rate of $4.20 per 100 pounds is a specifically named rate, and cast-iron toys are the specifically named articles on which the rate of $4.20 will apply. As a commodity rate will apply only on the articles named in connection therewith, the rate given could not be applied on any article other than cast-iron toys. It would not apply on other second-class articles, as for instance, on lantern globes, nor on sticky fly paper. To make a still finer distinction, it will be recalled that as authorized by Item 8, page 85, of the LaSalle Classification, a second-class rate would apply on less-than-carload shipments of either cast-iron games or cast-iron toys, when boxed. Such being the case, the second-class rate of $4.90 previously referred to would apply on games, toys, or games and toys, but the commodity rate would not apply on the games, because games were not specifically named in connection with the commodity rate.

There are various types of freight rates, each of which will be fully defined in a later text, but in order to understand Rule 10, it is necessary that the reader bear in mind the distinction between a class rate and a commodity rate.

Both Sections 1 and 2 of Rule 10 refer to Rule 14. This rule defines a carload shipment and both Rules 14 and 24. The former carries a reference to the latter and should be considered in connection with Rule 10.

Section 1, *Rule 10:* As this section is applicable to the Official Classification only, and tariffs governed by it, we will first analyze the rule as it applies to that classification, and will disregard for the time being the Southern and Western Classifications.

In analyzing this section, it is found that unless otherwise provided (where other provisions are made will be developed in connection with Sections 3 and 4 of the rule) when a number of different articles for which *carload ratings* or *rates* are provided are shipped at one time, by one consignor to one consignee and destination in conformity with Rule 14, they will be charged for at the carload rate applicable to the highest classed or rated article, and the carload minimum weight will be the highest provided for any of the articles in the carload.

Particular attention is directed to the clauses "for which carload ratings or rates are provided" and "will be charged at the carload rate applicable to the highest classed or rated article." The effect of the words *rates* and *rated* is to make the highest rate properly applicable to any article in the car having a carload rating or rate apply. If the word *rates* were omitted, the rate applicable to the highest *classed* article would apply on all of the articles, except as otherwise provided in Sections 3 and 4, but under the rule as it actually reads, if an article took a sixth-*class* rate of let us say 22 cents, and another article in the shipment took a *commodity* rate of 25 cents, and the rate of 25 cents was the highest applicable to any of the articles in the shipment, 25 cents would be the rate on all of the articles in the car that have a carload rating.

To indicate the interpretation of this rule in more detail, let us assume that a shipment moving from point "A" to point "B" consists of soap, scouring compound, and wooden mop handles. We will further assume that the actual weights, carload ratings, carload rates, and carload minimum weights are as follows:

Article	Actual Weight	Ratings	Rate	C. L. Minimum Weight
Soap	15,000 lbs.	6th Class	33c	36,000 lbs.
Compound	5,000 lbs.	4th Class	46c	30,000 lbs.
Handles	15,000 lbs.	5th Class	40c	24,000 lbs.

If there were no carload commodity rate applying on any of these articles, the charges, considering Section 1 alone, would be based on the minimum weight provided for the soap (36,000 pounds) which is the highest minimum weight provided for any article in the car, and at the *rate* for the scouring compound (46 cents), which is the highest classed article in the car. 36,000 pounds at 46 cents per 100 pounds equals $165.60, which would be the freight charge under the conditions as outlined.

But now suppose that the handles took a commodity rate of 47 cents instead of the fifth-class rate of 40 cents. Right here is where the word *rated* would change the basis of the charge, as in order to comply with the rule and charge the rate applicable to the highest rated article, the rate of 47 cents applicable to the handles would have to be used.

The scouring compound is the highest classed article, but the handles are the highest rated; that is, they bear the highest rate.

Under these circumstances the charge would be 36,000 pounds at 47 cents per 100 pounds, which amounts to $169.20. Naturally, if a carload minimum weight of 40,000 pounds were named to apply in connection with the commodity rate of 47 cents, that minimum would have to be protected as it would be the highest named for any article in the car.

We will now consider Section 3 of this rule as it applies in connection with Section 1. The rule reads:

"Subject to the conditions of Section 1, when the aggregate charge upon the entire shipment is made lower by considering the articles as if they were divided into two or more separate carloads, the shipment will be charged accordingly, as follows: the charges on each separate carload will be based upon the carload rate applicable to the highest classed or rated article therein and the highest carload minimum weight provided for any of the articles therein."

The clause "subject to the conditions of Section 1" refers to that portion of Section 1 which reads as follows: "When a number of different articles, for which carload ratings or rates are provided, are shipped at one time by one consignor to one consignee and destination, in a carload (See Rule 14)," as they are the only conditions of Section 1.

Section 3 is the first instance where the clause "except as otherwise provided" carried in Section 1 is of benefit, for it gives Section 3 precedence over Section 1 when a lower charge is thereby secured.

It frequently happens, especially where there are but two different kinds of articles constituting a carload, and the difference in the rates applicable is great, or the weight of each kind of article approaches the carload minimum weight, that it makes a lower total charge to figure the charges as if one or more of the articles constituted a separate carload shipment actually loaded in separate cars, than to figure them as set forth in the provisions of Section 1.

As an example, let us take the commodities we used to illustrate Section 1, of soap, scouring compound, and handles. We will use the same ratings and rates but will change the actual weights somewhat. In that case our calculations will be as follows:

Article	Actual Weight	Ratings	Rate	C. L. Minimum Weight
Soap	30,000 lbs.	6th Class	33	36,000 lbs.
Compound	15,000 lbs.	4th Class	46	30,000 lbs.
Handles	15,000 lbs.	5th Class	40	24,000 lbs.

Under Section 1 the charges on this shipment would be for 60,000 pounds at 46 cents per 100 pounds, or $276. But if, in accordance with Section 3, we consider the soap as loaded in one car and the compound and handles as loaded in another car, the charges would be:

First car (soap), 36,000 pounds @ 33c	=$118.80
Second car (compound and handles), 30,000 pounds @ 46c	= 138.00
Aggregate charge on entire shipment	$256.80

Thus, on this shipment, the charges under Section 3 would be $19.20 less than those under Section 1, because, as a lower aggregate charge is obtained under Section 3 than under Section 1, Section 3 takes precedence.

In so far as a commodity rate which might apply on one or more of the articles is concerned, the effect under the same conditions would be fundamentally the same as illustrated in the analysis of Section 1.

Thus far in our discussion of this rule we have considered only carload ratings and rates as applicable to the commodities constituting the shipment, but Section 4 authorizes the application of the less-than-carload basis to part of the shipment when a lower aggregate charge will thereby be accomplished.

This is the second instance where the clause of Section 1 reading "except as otherwise provided" is of benefit. If by the use of Section 4 a lower total charge is made than by using Sections 1 and 3 only, the basis provided in Section 4 takes precedence.

In order to illustrate the application of Section 4, we will use the same commodities as previously used but will again change the weights and show the assumed less-than-carload ratings and rates of the articles according to table following:

Articles	Act. Wt.	Ratings		Rate		C.L.Min.Wt.
		L.C.L.	C.L.	L.C.L.	C.L.	
Soap	38,000 lbs.	4 Cl.	6 Cl.	46	33	36,000 lbs.
Scouring Compounds	5,000 lbs.	R. 26	4 Cl.	53	46	30,000 lbs.
Handles	23,000 lbs.	3 Cl.	5 Cl.	66	40	24,000 lbs.

On the above shipment, if charges were based in compliance with Sections 1, 3, and 4, the basis and charges would be:

Soap, 38,000 lbs. (act. wgt.) at 33 cents per 100	$125.40
Scouring Compound, 5,000 lbs. (act. wgt.) at 53 cents per 100 (L.C.L. rate)	26.50
Handles, 24,000 lbs. (C.L. min. wgt.) at 40 cents per 100	96.00
Aggregate Charge	$247.90

It is interesting to compare the charge so assessed with the charge that would apply if Sections 1 and 3 only were used. In such a case the charge would be as follows:

Soap, 38,000 lbs. at 33 cents per 100 or	$125.40
Compound and Handles, 30,000 lbs. at 46 cents per 100 or	138.00
Aggregate Charge	$263.40

If Section 1 alone were used, the basis and charge would be as follows:

66,000 lbs. (total act. wgt.) at 46 cents per hundred (rate applicable to the highest classed article), which equals a charge of $303.60.

From this it will be seen that by the application of Sections 1, 3, and 4 a charge lower by $55.70 is obtained than would be the case if Section 1 alone was used, and a charge lower by $15.50 than if Sections 1 and 3 alone were used.

The note shown in this rule is very important, but the discussion of it will be postponed until the rule as it applies to the Southern and Western Classifications has been discussed, because it should be understood that the note applies to all three classifications with equal force.

Section 2, *Rule 10:* This section has no connection with the Official Classification, as it is applicable only to the Southern and Western Classifications and tariffs governed by those classifications.

This section, it will be noted, begins "Except as otherwise provided" and further reads "when a number of different articles, for which carload ratings are provided,

are shipped at one time by one consignor to one consignee and destination, in a carload as per Rule 14, they will be charged at the highest class carload rate applicable, and the carload minimum weight will be the highest provided for any article in the carload."

The last sentence of the section states that the section does not apply in connection with commodity rates except in so far as articles classified as "fertilizer" rates or "special iron" in the Southern Classification are concerned.

It will be noticed that while Section 1, as applicable to the Official Classification, reads: "for which carload *ratings* or *rates* are provided," Section 2, as applicable to the Southern and Western Classifications, reads: "for which carload *ratings* are provided," and that it does not include *rates*.

Further, Section 2 provides "they will be charged at the *highest* class carload rate applicable." The effect of these two quoted clauses is to prohibit the mixing of articles, one or some of which take class rate or rates, with articles, one or some of which take commodity rate or rates, it being understood, of course, that if the shipment is governed by the Southern Classification a special exception is made with reference to articles which the classification indicates are subject to "fertilizer" or "special iron" rates.

It should be understood that the clause in Section 3 reading "subject to the conditions of Section 2" refers only to that part of Section 2 reading "for which carload ratings are provided, are shipped at one time by one consignor to one consignee and destination, in a carload (see Rule 14)."

The balance of the section, including paragraph (b), may be interpreted as meaning that when the aggregate charge upon the entire shipment is made lower by considering the articles as if they were divided into two or more separate carloads, the shipment will be charged accordingly, as follows: the charges on each separate

carload will be based upon the carload rate applicable to the highest classed article therein, and the highest carload minimum weight provided for any of the articles therein, but if one of the carloads is subject to a commodity rate, the carload minimum weight applicable to that rate will apply to such carload.

Under this section, a commodity rate can be used if it is properly applicable to one or more of the articles, and in this respect Section 3 is a deviation from Section 2 as authorized by the term "except as otherwise provided," as carried in Section 2.

Restrictions, however, are placed around the use of a commodity rate in connection with this section. It can be used only when, upon considering the articles as if they were divided into two or more separate carloads, a lower aggregate charge is secured thereby, and the carload minimum weight applicable in connection with the commodity rate must be protected on the carload covered by the commodity rate.

Section 4 was fully discussed in its application under the Official Classification. As it has the same application under the Southern and Western Classifications, there is no need to discuss it further.

Illustrating the application of Sections 1, 3, and 4, Rule 10, we will take the shipments used for illustration in connection with the Official Classification and apply them to the Southern and Western Classifications.

First we will consider the following shipment under Section 2 only. No commodity rate is applicable.

Articles	Actual Weight	C.L. Ratings	Rate	C.L. Min. Weight
Soap	15,000 lbs.	6 Cl.	33	36,000 lbs.
Scouring Compound	5,000 lbs.	4 Cl.	46	30,000 lbs.
Handles	15,000 lbs.	5 Cl.	40	24,000 lbs.

The basis and charge for this shipment would be 36,000 pounds (highest C. L. minimum weight applicable to any article in this car) at 46 cents per 100 pounds (highest *class* carload rate applicable), which makes a charge of $165.60.

In discussing Sections 2 and 3 jointly, let us assume that the actual weights of the articles were: soap, 32,000 pounds, scouring compound, 5,000 pounds, and handles, 37,000 pounds. Let us further assume that a commodity rate of 35 cents was named to apply on the handles with a carload minimum weight of 40,000 pounds.

Under Section 2, the charges on such a shipment would be for 74,000 pounds (actual aggregate weight) at 46 cents per 100 pounds (rate for the highest classed article in shipment), or a charge of $340.40.

But by considering the soap and compound as loaded in one car and the handles in another car under Section 3, the aggregate charge would be as follows:

Soap and Compound, 37,000 lbs. at 46 cents or	$170.20
Handles, 40,000 lbs. at 35 cents or	140.00
Aggregate Charge	$310.20

This is $30.20 less than charges under Section 2 alone.

In determining the effect of Section 4 in conjunction with Sections 2 and 3, we will have to use a less-than-carload rate, so we will arbitrarily make the third-class rate, as applying to the scouring compound, 53 cents per 100 pounds: Thus the basis of charge under Sections 2, 3, and 4 would be:

Soap, 36,000 lbs. at 33 cents or	$118.80
Scouring Compound, 5,000 lbs. at 53 cents or	26.50
Handles, 40,000 lbs. at 35 cents or	140.00
Aggregate Charge	$285.30

This would be the lowest charge and therefore the proper one to assess.

Note under Rule 10: This is easily interpreted as its various paragraphs are self-explanatory. The ease of interpreting them, however, should not cause one to think they are of slight importance, for such is not the case. On the contrary, they are very important and are frequently the cause of errors.

The first paragraph prohibits the use of Rule 10 in connection with articles for which no carload ratings

or rates are provided. Rule 10 could not, therefore, be applied on articles that were assigned only less-than-carload or any-quantity ratings and for which there was no carload rate named.

The second and third paragraphs refer to Rules 12, 24, and 34. They will come up for consideration later.

The fourth paragraph states that "specific carload mixtures will not prevent the application of Rule 10 to the same articles in mixed carloads with other articles not named in the mixture." This means, for instance, that if some of the articles shown in the specific mixture of cereal milling machinery in Item 14, page 106, of the LaSalle Classification, were part of a shipment containing articles which were not shown in the mixture authorized by this Item, Rule 10 could be applied.

The fifth paragraph provides that if a lower charge results under the application of Rule 10 than under the provisions of a specific mixture, Rule 10 will apply. It is possible that by grouping certain articles of a specified mixture, and considering the groups as loaded into separate cars, a lower aggregate charge than the charge determined by using the basis given in connection with the specific mixture would be obtained. Under the last paragraph of the note, such lower charge would be the proper one.

Before leaving Rule 10, it might be well to state that no attempt has been made to illustrate all of the almost innumerable variations possible under this rule. Only the simpler and somewhat representative situations have been used as illustrations. For the exact effect of Rule 10 upon a mixed carload shipment, all the pertinent factors must be known and taken into consideration.

Rule 11

HOW FREIGHT CHARGES SHALL BE COMPUTED

Gross and Estimated Weights—Minimum Weights Must Be Observed—Temporary Blocking, Racks, Standards, Dunnage and the Like Subject to Rule 30.

This rule states that, unless otherwise provided, freight charges shall be computed on the gross weight, except where estimated weights are provided, in which case the authorized estimated weights will be used.

By gross weight is meant:

1. The actual weight of the shipment, where shipments are made in a loose form.

2. The total actual weight of the container and its contents, where articles or commodities are shipped in a container.

For example, shipments of bulk grain, coal, lumber, etc., are charged on the actual weight; shipments of package freight, such as hardware in boxes, are charged on the aggregate weight of the hardware, the packing, if any, and the containers.

In the majority of instances, the actual weight as ascertained by weighing the particular shipment is used in determining the freight charge, but estimated weights, where authorized, take precedence over the actual weight. This is particularly true of certain commodities where it would prove difficult to ascertain the actual weight, or where certain articles or commodities are put up in standardized packages.

Good examples of the first instance referred to are the estimated weights on petroleum and certain petroleum products. The LaSalle Classification provides that certain oils when in tank cars will be given an estimated weight of 6.6 pounds per gallon in all three classification territories, except that under Western Classification, crude, fuel, or gas oil takes an estimated weight of 7.4 pounds per gallon. This estimated weight per gallon

of the specified kinds of oils would apply, irrespective of the actual weight per gallon of that particular oil.

The other kind of estimated weights referred to are those obtained thru agreement with a weighing and inspection bureau. In order for such estimated weights to be accepted by the carriers, it is necessary for the shipper and the weighing bureau to execute a "weight agreement" similar to the following:

WESTERN WEIGHING AND INSPECTION BUREAU WEIGHT AGREEMENT

This Agreement, entered into by and between A. S. Dodge, Superintendent of the Western Weighing and Inspection Bureau, and..... ..... of..... .....(Town), ...(State).

Witnesseth, That in consideration of the carriers, members of the Western Weighing and Inspection Bureau, accepting the weights and descriptions as certified on shipping orders, bills of lading or weight certificates for commodities herein specified as the basis for assessing freight charges, it is hereby agreed:

1. The shipper shall report and certify to the carrier correct gross weights and correct descriptions of commodities on shipping orders, bills of lading or weight certificates, by placing thereon imprint of certification stamp, providing for verification by the carriers, members of the Western Weighing and Inspection Bureau. When such weights are obtained on track scales the correct gross, tare and net weights shall be given.

2. When weights of uniform or standard weight articles are based upon averages, the shipper shall give prompt notice to the authorized representative of the carrier when any change is made which will affect the weight arrived at by use of the average, including any change made in package or material used.

3. The shipper shall keep in good weighing condition all scales used in determining weights and have track scales tested, maintained and operated in accordance with the Track Scale Specifications and Rules approved by The American Railway Association, and shall also allow the authorized representative of the carrier to inspect and test them.

4. The shipper shall keep his records in such a manner as will permit of correct and complete check, and shall allow the authorized representative of the carrier to inspect the true and original weight sheets, books, invoices and records necessary to verify the weights and descriptions of the commodities certified in the shipping orders, bills of lading or weight certificates.

5. The shipper shall promptly pay to the authorized representative of the carrier, bills for all undercharges from original point of shipment to final destination, resulting from certification of incorrect weights or improper description, whether shipment is sold f. o. b. at point of shipment or elsewhere. Overcharges developed from check of shipper's records will be promptly certified by the authorized representative of the carrier in writing for proper adjustment.

6. Shipments made under this agreement will be subject to rates, charges, minimum and estimated weights prescribed by classifications, exceptions thereto, tariffs or rules of the carriers interested.

7. This agreement may be canceled by ten days' notice in writing to either party; it being understood that the shipper shall permit check of business and pay undercharges on all shipments made prior to cancellation.

This agreement applies on.....

Such an agreement may apply on virtually any specified commodity, and a shipment covered thereby is said to be moving under a weight agreement.

In so far as the estimated weight feature of this agreement is concerned, it is ordinarily applied to standardized packages. A cereal food preparation like Quaker Oats is usually shipped in a standardized box that will average, say, 50 pounds. Instead of weighing each and every box of each shipment, a representative of the weighing bureau arrives at the average weight by weighing a certain number of boxes as they are prepared for shipment. This average is the one on which the freight charge is based.

From time to time other weighings are made, and the weight readjusted accordingly. When a firm executes a weight agreement, it is assigned a weight agreement number, and the shipping ticket or bill of lading covering a shipment made under such agreement must be stamped with this number. Except in cases of obvious error, such weights take preference over all other weights. By use of these agreements, many vexatious claims and much unnecessary correspondence with respect to adjusting them are avoided, and much time and expense are saved in the weighing of shipments.

This rule also states that the weight of bracing, dunnage, etc., if used, shall be charged for as provided in Rule 30, which will be analyzed later. Of course, if the gross weight is less than the established minimum weight applicable, the minimum weight as established must be protected.

Rule 12

MIXED SHIPMENTS

Single Shipments of One Class—Of Two or More Classes—Packages Containing Freight of More Than One Class—Charge on Articles in Bundles Subject to Individual Minimum Weights—L.C.L., vs. Loose Pieces—Articles Rated Differently according to Individual Weights of Packages or Pieces.

All provisions of this rule are subject to the minimum charge provided in Rule 13, and this fact should be borne in mind in interpreting this rule.

Section 1, *Rule 12:* Frequently a number of different articles are packed in a single container. In the case of shipments consisting of a quantity of different articles that take the same rating, it is usually advantageous to place them within a single container, as thereby the possibility of part of the lot's going astray is eliminated, and the packing cost is materially reduced. The charges on such less-than-carload shipments will be based on the total weight of the package and its contents, at the rating applicable, but subject to a minimum charge which will be discussed in connection with Rule 13.

Section 2, *Rule 12:* Articles differently classified should be placed in separate containers whenever the saving in freight charges and the securing of other advantages are sufficient to offset the advantages of using a single container. When shipments are so packed, Section 2 authorizes the computing of the freight charge upon the actual or authorized estimated weight at the rating applying to each class. This means that if a shipment consisted of 1 box hardware, rated at second class and weighing 50 pounds, and 1 box bolts rated at

fourth class and weighing 120 pounds, the basis of charge would be 50 pounds at second-class rate, plus 120 pounds at fourth-class rate.

Section 3, *Rule 12:* As a matter of convenience and safety or for other reasons, articles to which different ratings are assigned are frequently placed in a single container. Section 3 provides that when this is done, the charges shall be based on the weight of the package at the rating applicable to the highest rated article in the package.

As an illustration, suppose there was packed in one box 80 pounds of an article rated first class, 100 pounds of an article rated second class, and 50 pounds of an article rated third class, the box itself weighing 60 pounds and the packing 10 pounds, on what basis should such a shipment be charged? According to Section 3, of Rule 12, it should be charged on the basis of 300 pounds at the first-class rate.

It is not necessary to list or describe on the bill of lading or shipping ticket all the articles included in the package, it being sufficient to specify the highest rated article, together with the notation "and other articles classified the same or lower." The use of such a notation on the bill of lading eliminates considerable detail work, but care should be taken to list the highest or one of the highest rated articles.

Section 4, *Rule 12:* In case a minimum weight is provided for each separate package or article, that minimum must be observed, and charges for a number of packages or pieces shall be no less than for that number of packages or articles at the prescribed minimum weight. For example, the classification provides that on less-than-carload shipments of live stock, a minimum weight of 3,000 pounds shall be assessed for one horse, and an additional 1,500 pounds for each horse after the first. A consignment of three horses might weigh but 4,200 pounds, but the minimum, that is, the weight upon which charges will be assessed, would be 6,000 pounds.

Section 5, *Rule 12:* When articles are shipped loose, no provision being made in the classification for shipments in that manner, if each weighs as much as the weight specified for a bundle, they shall be charged for as a bundle.

The LaSalle Classification provides a Southern Classification rating of second class for galvanized-iron hinges, other than spring, when in a bundle weighing 15 pounds or over. If such a hinge weighing 16 pounds were shipped loose, the second-class rating as provided for "in bundles" would apply.

Section 6, *Rule 12:* The last section of this rule applies to articles whose L. C. L. rating varies according to the weight of the individual piece or package. In such cases, the charge for a given number of pieces or packages of a given weight shall not be in excess of the amount which would be collected on the same number of pieces or packages of a greater weight. As an illustration, let us refer to the LaSalle Classification provisions for forgings in the rough.

A foundry receives an order for 100 forgings in the rough, each to weigh 22 pounds. If these were shipped loose, they would be ratable under the Western Classification at first class. If the scale of rates applicable between origin and destination happened to be as follows:

Class	1	2	3	4
Rate in cents per 100 lbs.	100	85	70	60

the charge on this basis would be $22. If each of these rough forgings had weighed 25 pounds, the rating would be at fourth class, which would amount to a charge of $15.00. As this $15.00 is the charge on 100 forgings weighing 25 pounds each, it is the maximum charge on an equal number of forgings weighing but 22 pounds each; therefore, $15.00 would be the charge applicable to the 100 forgings weighing 22 pounds each. It is of interest to note that if these 22-pound forgings were wired together, two and two, each bundle would weigh 44 pounds, which would entitle them to the same rating

as tho each forging weighed 25 pounds or over. This would still further reduce the freight, as, in this case, charges would be assessed on 2,200 pounds (actual weight) at the fourth-class rate of 60 cents per 100 pounds, which would equal $13.20.

Rule 13

SINGLE SHIPMENTS OF L.C.L. FREIGHT

Conditions under Which Such Shipments May Be Accepted at Minimum Charge—Restriction as to What the Minimum Rate Shall Be—Part Lot and Overflow Shipments.

The handling of every consignment of freight entails a certain amount of labor and expenses, such as those incident to moving, billing, and recording of freight, and the sending of the arrival notice, etc. To cover these expenses, the carriers have established a rule that no shipment shall be handled for less than a specified amount. This is known as the *minimum charge.*

Section 1 of this rule applies to less-than-carload shipments and Section 2 to carload shipments.

Section 1, *Rule 13:* It will be noted that, with reference to less-than-carload shipments, the minimum charge shall be as given in paragraphs (a), (b), (c), and (d), unless a different minimum charge is otherwise provided. This exception is intended to cover a possible different minimum charge that might be carried in some rate tariff, an exception to classification, or other duly filed schedule, it being understood, of course, that the charge as provided in one of the later referred to authorities takes precedence over that of the classification.

Section 1 (a), *Rule 13,* provides that if the correct rating of a shipment is first class or lower, the least charge shall be that for 100 pounds at the class or commodity rate applicable.

Say a shipment consists of 1 Box Scales N. O. I. B. N., weighing 40 pounds, and rated at second class, no commodity rate applying. If the second-class rate were 85 cents per 100 pounds, the charge would be, not for

40 pounds at 85 cents per hundred pounds—which would amount to but 34 cents--but 85 cents, as that is the charge for 100 pounds at 85 cents per hundred, and, therefore, the minimum charge. If it happened that there was a commodity rate of 60 cents per 100 pounds applicable, the minimum charge would be 60 cents, as that would be the commodity rate for 100 pounds.

Section 1 (b), *Rule 13,* applies only when a shipment is classified higher than first class, in which case the charge shall not be less than for 100 pounds at the first-class rate. Bamboo book racks when boxed are classified as three times first class. If the first-class rate were $1 per 100 pounds, a shipment weighing 30 pounds would be subject to a minimum charge of $1, and not 90 cents, as it would be if based on 30 pounds at $3 per hundred. Of course, if the shipment weighed 40 pounds, the minimum charge would not apply, because the actual weight (40 pounds) at the actual rate, $3 per 100 pounds, makes a charge of $1.20, which is more than the minimum one.

Section 1 (c), *Rule 13,* brings this rule into harmony with Section 3 of Rule 12, inasmuch as when articles assigned different ratings are combined in a single shipment, the minimum charge becomes that attaching to the highest rated article as developed under paragraphs (a) and (b).

Section 1 (d), *Rule 13:* The first sentence in this paragraph is the requirement that the charge on any single shipment will in no case be less than 50 cents. This paragraph further provides that where the thru rate applicable is made by adding two or more rates together, the various rates constituting the total thru rate, each being governed by the same or a different classification, the minimum freight charge from origin to destination shall be 50 cents.

For the purpose of illustration, let us take a shipment consisting of 1 Box Copper Coated Iron Bolts, weight 20 pounds, moving from Sioux City, Iowa, to Atlanta,

Ga. Now, let us assume that there is no published thru rate, and that the Western Classification governs that part of the movement from Sioux City to Chicago, Ill.; the Official Classification from Chicago to Louisville, Ky., and the Southern Classification from Louisville to Atlanta.

The LaSalle Classification shows that copper coated iron bolts in boxes take fourth class in both the Official and Southern Classifications, and third class in the Western Classification. If we assume that the third-class rate from Sioux City to Chicago is 30 cents per 100 pounds, the fourth-class rate from Chicago to Louisville is 20 cents, and the fourth-class rate from Louisville to Atlanta is 15 cents, we have a thru rate of 65 cents per 100 pounds, thus:

Third-Class Rate Sioux City to Chicago	Fourth-Class Rate Chicago to Louisville	Fourth-Class Rate Louisville to Atlanta	
30c	20c	15c	=65c

If the minimum charge of 50 cents was applied to each factor rate governed by a different classification, we would have a minimum charge of $1.50, but as paragraph (d) provides that the minimum of 50 cents applies to the thru movement, the minimum charge under this paragraph alone would be 50 cents. We have already seen, however, that under paragraph (a) the minimum charge for a shipment classified first class or lower (in this case it is lower), will be that for 100 pounds at the rate applicable. The rate applicable is 65 cents; therefore, the minimum charge in this instance would be 65 cents.

Section 2, *Rule 13:* This section, it will be observed, applies on carload shipments only, and provides that the minimum charge for such a shipment be $15 per car. It should be particularly observed that there are two exceptions to this basis. The first exception is that the minimum charge of $15 per car does not apply on switch movements of any description, and the second exception is that it does not apply on shipments of brick, cement,

chert, coal, coke, and the other commodities and articles specifically enumerated.

The second paragraph of Section 2 provides that if the shipment is subject to the "overflow" or "part-lot" provision contained in Rule 24, the minimum charge for the entire shipment will be the same as tho it were loaded in a single car; in other words, $15.

The last paragraph of this section covering carload shipments carries the same provisions as does paragraph (d) of Section 1 in connection with less-than-carload shipments, in so far as the use of separate rate factors are concerned. That is, the minimum charge is $15, irrespective of whether or not the thru rate applicable is a published thru rate or one made up by adding together two or more separate rates.

Rule 14

APPLICATION OF CARLOAD RATINGS OR RATES

Conditions under Which Carload Rates or Ratings Apply—Only One Bill of Lading Allowed—Minimum Carload Weight.

This rule defines the conditions under which a carload rating or rate may be used, and each of these conditions must be complied with in order for such a rating or rate to apply. These conditions are that the shipment:

1. Must be from one station.
2. Must be loaded in or on one car, except as provided in Rule 24.
3. Must be made in one day.
4. Must be made by one shipper.
5. Must be for delivery to one consignee.
6. Must be for delivery at one destination.
7. Must be covered by but one bill of lading from one loading point.
8. Must be covered by but one freight bill.

It might be stated that frequently a carload shipment may start for a given destination and later be "reconsigned," that is, sent to another destination or perhaps a different consignee. Ordinarily, in such cases the original bill of lading is surrendered to the carrier, who then issues what is known as an Exchange Bill of Lading. Rule 14 does not prohibit such a practice, as the first-issued bill of lading is, so to speak, canceled, and the exchange bill of lading is not issued from the *loading point.*

Also, if a shipment could not all be loaded in or on one car and the excess or overflow was loaded in or on another car, and came within the restrictions prescribed in Rule 24, the bill of lading would carry reference to the number and initial of the car in or on which the excess was loaded; thus there would be but one bill of lading covering the shipment.

Where a shipment is in excess of one carload, and the excess, subject to Rule 24, is loaded in or on another car. the railroad agent makes out a freight bill (for definition of a freight bill see Traffic Glossary) for the fully loaded car and shows on this bill the weight and charges for the entire shipment, and also shows thereon reference to the car carrying the excess lot. He then makes out a freight bill for the excess part of the shipment, but instead of showing any charges thereon he makes a notation similar to the following: "Part Lot—weight and charges on Waybill (number and date); Car (initial and number); Freight Bill (number and date);" thereby making reference to the waybill and the freight bill carrying the charges. Technically, in connection with Rule 14, the second so-called freight bill is not a freight bill, but a reference document to the freight bill.

The last sentence in Rule 14 provides that the minimum carload weight shown in connection with a carload rating or rate is, of course, the least weight in connection with which such a rating or rate can be used. Naturally, if the actual weight of the shipment is more than the minimum weight, charges must be based on the actual weight.

There is no requirement that, in order to take the carload rating or rate, the shipment shall actually weigh as much as the minimum weight. In many cases a lower charge is obtained by basing such charge on the minimum carload weight at the carload rate, rather than on the actual weight at the less-than-carload rate, even tho the minimum weight is considerably more than the actual weight.

Supposing a concern shipped 18,000 pounds of peanut butter in pails, shipped from town "A" to town "B." Assume that the class rates in effect between these two town are:

Class	1	2	3	4	5	6
Rate in cents per 100 lbs.	75	65	50	35	30	25

Ratings on peanut butter in pails are: L. C. L., second-class; C. L., fifth-class, with a carload minimum weight of 36,000 pounds. The difference between the carload and less-than-carload rating on such a shipment would figure out:

L. C. L., 18,000 pounds (actual weight) @ 65c $117
C. L., 18,000 pounds as 36,000 pounds (minimum weight) @ 30c .. 108

So, in this instance, the use of the carload basis would result in a saving of $9. It must be remembered, however, that whenever the carload rating or rate is applied, the weight on which charges are based must not be less than the carload minimum weight prescribed.

Rule 15

CHARGES ON L.C.L. SHIPMENTS NOT TO EXCEED THOSE ON CARLOADS

Charge for Loading and Unloading Freight Found to Be Subject to Carload Rate—Minimum Weight on Shipments Found to Be Subject to Carload Rate—Freight Tendered as Carload to Be so Charged For.

Section 1, *Rule 15:* This section prevents, except under conditions given in Sections 2 and 3, (1) the assessing of a higher charge on a less-than-carload shipment

fair, for were the carriers compelled to procure additional help for handling, the expense incident to loading and unloading a shipment it would in many instances more than offset the revenue accruing against the shipment.

Section 3, *Rule 27:* For the protection of its equipment as well as the freight, the carriers have prescribed certain rules and regulations to which Section 3 gives the weight of authority. Illustrating this point: The weight carrying capacity of freight cars is stenciled on the outside thereof, and ordinarily it is unsafe to load a car heavier than 110 per cent of its marked capacity. If it is loaded heavier than 10 per cent in excess of the marked capacity, the car is liable to break down and cause a wreck. Owing to the swaying of a car when in motion, flat cars cannot safely be loaded above a certain height. When the lading of a box car is not properly secured, it will shift about, causing damage to the freight and in some cases to the car. If freight is loaded above a certain height against the side doors of a box car the pressure and shifting is apt to bulge the door or even force it loose from the car, not only damaging the equipment but causing freight to fall out of the car. It was to take care of such matters that Section 3 was incorporated in Rule 27.

Section 4, *Rule 27:* This applies only to articles loaded on open cars, and is intended as protection against pilferage and damage to both owner of the property and the carrier. Practically all machinery shipped on open cars has small parts that are easily detached or broken. Machinery of this description is usually more or less heavy, and if the small and protruding parts are not removed and packed, they are liable to be damaged in loading or unloading. Likewise, exposed articles loaded on open cars have no protection against pilferage, so that it becomes necessary that the small removable parts be detached and securely boxed, or otherwise protected. It is also provided that easily broken parts not detached must be protected.

that storage space should be reserved for less-than-carload shipments. But when, for any sufficient reason, a carrier has actually stored and handled carload quantities, as it stores and handles less-than-carload quantities, it is entitled to fair compensation for the additional service performed."

This section also provides a loading charge of 2½ cents per 100 pounds when a carload shipment is loaded by the carrier, and a like charge of 2½ cents per 100 pounds, when a carload shipment, after having been transported, is unloaded by the carrier.

It should be noted that this handling charge applies only when charges on the shipment are assessed on the carload basis; when the work of loading or unloading or both are actually performed by the carriers and also when the carriers' tariffs do not provide that the cost of such service is included in the carload rate. It will be further observed that the handling cost applies on the actual weight of the shipment.

The following illustrates the requirements of this section of the rule. A shipper tenders the carrier 24,000 pounds of poultry feed in bags, the carload minimum weight being 30,000 pounds, and the rating fourth class in less-than-carload quantities, and Class B in carload quantities. Assuming the fourth-class rate to be 85 cents per 100 pounds and the Class-B rate to be 63 cents per 100 pounds, it will be seen that, altho the weight of this shipment is less than the minimum required, yet it would be treated as a carload shipment, as the charge may not exceed that for a carload of the same freight, which is $189.

Should such a shipment be loaded by the carrier, an additional charge of 2½ cents per 100 pounds would be made on the actual weight of the shipment handled. This loading charge, amounting to $6, would be added to the freight charge of $189, making a total charge of $195. If the shipment should be unloaded at destination by the carrier, another charge of $6 would be added to cover that service also.

The last sentence of Section 2 states that the carload minimum weight shall be that applicable to the size of car required for the shipment in the condition in which it is tendered for transportation. This means that if the article or commodity is subject to a graduated minimum-weight scale (see Rule 34), and a car 45 feet in length was required in order to contain the shipment, the minimum weight would be that for a 45-foot car, as given in Rule 34. Of course, if the shipment were not subject to graduated minimum weight, the size of the car required would not affect the minimum weight applicable.

Section 3, *Rule 15:* The purpose of this section is virtually the same as that accomplished by requiring a minimum weight for all shipments taking a carload rate; namely, to secure to the carrier just compensation for the equipment used. Were it not for some such preventive clause, a shipper could load 5,000 pounds of freight in a car and tender it as a carload shipment, thus preventing the carrier from utilizing the unoccupied space in the car by loading therein other shipments. This section also, in effect, protects other shippers, as it tends toward the full utilization of equipment, thereby aiding in the avoidance of a shortage of cars.

Rule 16

ANY-QUANTITY RATINGS

Freight for Which Neither L.C.L. Nor C.L. Ratings Are Shown—Definition of Term "Less Than Carload"—Single Shipments of L.C.L. Freight Defined—Two or More Single Shipments Not to Be Combined.

Section 1, *Rule 16:* Section 1 of this rule authorizes the application of any-quantity ratings upon all commodities for which neither an L.C.L. nor a C.L. rating is specifically mentioned. It also provides that the charge based on an any-quantity rating shall be subject to the minimum charge as specified in Rule 13.

Section 2, *Rule 16:* This section defines the terms less-than-carload and is self-explanatory.

Section 3, *Rule 16:* Section 3 should be considered in conjunction with Section 2, as the two of them clearly define just what a less-than-carload shipment is. Rule 14, it will be remembered, defines a carload shipment. Section 1 of Rule 16 defines an any-quantity shipment. Sections 2 and 3 define a less-than-carload shipment.

Section 4, *Rule 16:* Section 4 prohibits the waybilling of two or more separate shipments as one shipment. It is a reinforcement of Rules 13, 14, and 15, and prohibits the combining of two or more shipments into one.

For example, a carrier receives for shipment a concrete mold measuring 8 feet in height and 6 feet in width, and weighing 750 pounds. The classification provides a second-class rating on concrete molds. If this form could be loaded thru the center side doorway, 6 feet wide by 7 feet 6 inches high, into a closed car not more than 36 feet in length by 8 feet 6 inches in width, and 8 feet in height, the second-class rating would accordingly be assessed on 750 pounds, the actual weight. As the size of the article, however, makes it impossible to load it thru such a doorway, it becomes necessary to load it into a car having end doors or a car with a larger side doorway, or onto an open car. Therefore, in conformity with the provisions of paragraph (a) of this section, the proper charge to assess would be that for 4,000 pounds at the first-class rate. Observe that Section 3 (a) does not apply when a different basis is provided for in the separate description of the article, nor does it apply to an article or articles of dimensions referred to in Section 3 (b).

Section 3 (b), *Rule 29:* The requirements of this section are the result of a further complaint to the Interstate Commerce Commission subsequent to the decision referred to above, which established Section 3 (a). Shippers of silos and silo repairs, and shippers of iron and steel articles and of long wooden timbers, were the principal ones to complain of the operation of the rule formerly used. As a result of their representation, the Commission prescribed that articles more than 22 feet in length, but not exceeding 12 inches in diameter or other dimension, should be subject to a minimum charge of 1,000 pounds at the first-class rate. This length of 22 feet is determined by the fact that that is the maximum length of a rigid article which can be loaded thru a side door of a box car 36 feet in length, without the use of the end door or end window.[1] When the measurements of the shipment conform to Section 3 (b), the minimum charge is based on 1,000 pounds at the first-class rate.

[1] 38 I. C. C., 257

As an illustration of the application of Section 3 of this rule, consider a shipment of 5,000 pounds of wooden silo staves 30 feet long and 10 inches wide. In the classification they are accorded a fourth-class rating in Official Classification territory. If the fourth-class rate in this instance is 35 cents, and the first class rate 75 cents, the charge at the actual weight would be $17.50; but by the provisions of Section 3 (a), a minimum of 4,000 pounds at first class would be established, making the charge $30.

Since these silo staves, however, are more than 22 feet long and less than 12 inches wide, the provisions of Section 3 (b) govern, and the minimum to be applied is not 4,000 pounds at first class, but 1,000 pounds at first class, or $7.50. Since the charge on the actual weight at the authorized rating is in excess of this minimum, the charge to be collected in this case is for 5,000 pounds at 35 cents per 100 pounds, or a total charge of $17.50. In addition to showing how to apply Section 3 (b), this brief illustration shows how greatly the charges on such shipments would be increased if there were no provision for articles exceeding 22 feet in length and not more than 12 inches in diameter or other dimensions.

Rule 30

ALLOWS FOR TEMPORARY BLOCKING, RACKS, STANDARDS, AND THE LIKE

Two Purposes of Rule: (1) To Compel Shipper to Install Temporary Fixtures, (2) To Provide a Basis for Charging for Such Fixtures—The Allowance Which Shall Be Made for Weight of Temporary Fixtures.

This rule has two purposes: (1) to make it obligatory upon the shipper to furnish and install at his own expense any temporary flooring, lining, dunnage, or other temporary fixtures not a part of the car, that may be necessary for the securing or protection of a shipment; (2) to

provide for the basis of charges for such temporary flooring, lining, dunnage, or other temporary fixtures that may be used.

The securing or protection of a shipment for safe movement may take a variety of forms. It may be necessary to block within the car shipments that do not load out evenly and full to the tier, or that cannot be loaded so as to prevent shifting. Some commodities, especially perishable goods, require temporary flooring so that air can circulate under them. Flour and other goods shipped in packages that are comparatively easily torn, require that the sides and ends of the cars be lined to prevent the tearing of the bags by splinters, bolts, nails, etc.

It is usually necessary to secure shipments loaded on flat cars by using dunnage to prevent the article from moving, or by standards or stakes to hold it on the car. Were no provision made as to whose duty it was to perform such work, at whose expense the material was to be furnished and installed, and what the basis of the transportation charge for the dunnage, etc., was to be, there would be no authority for definitely placing the responsibility. It is understood, of course, that when cars are fitted with permanent slatted floors, racks, stakes, supports, etc., this rule is not applicable. The first thing to observe about this rule is that it is not applicable where contrary provisions are made.

Section 1 (a), *Rule 30:* This makes it obligatory upon the shipper to provide and install at his own expense lining, dunnage, blocking, or similar bracing required to protect the shipment.

Section 1 (b), *Rule 30*, makes it obligatory for the shipper to load freight so as to afford the necessary protection to both the freight itself and the carrier's equipment.

Section 1 (c), *Rule 30:* This paragraph is virtually a continuation of paragraph (a) and applies to shipments of bulk freight only.

Section 1 (d), *Rule 30:* It having been provided that the shipper must install temporary fixtures in a car, the

purpose of paragraph (d) is to authorize a charge for transporting such dunnage, lining, etc. No allowance is made for the weight of these fixtures, and the rate to apply is the one applicable to the freight they accompany.

To further illustrate the provisions of this section, consider the following: An egg dealer made a shipment of 24,000 pounds of eggs in cases, and as protection to the shipment, placed a false floor in the car. The total weight of the flooring was 700 pounds. In assessing charges the carrier would collect not only for the weight of the eggs, but also for the weight of the false floor, at the egg rate. In other words, shipment would be charged for on the basis of 24,700 pounds at the egg rate.

Section 2 (a), *Rule 30:* This section, it will be noticed, applies only to carload shipments that are loaded on flat or gondola cars. In such cases an allowance of the actual weight of the material used will be made—but this allowance shall not exceed 500 pounds—with the further proviso that in no case shall less than the minimum carload weight be charged for, and that the shipper shall show on the bill of lading the actual weight of dunnage or other material used. If the weight of the dunnage or material exceeds 500 pounds, the excess weight shall be charged for at the rate applicable to the lading of the car.

Assume that a shipment of iron structural forms N.O.I.B.N. is made. The actual weight of the forms is 36,000 pounds, and the weight of standards, wire, and other materials used in securing the shipment is 800 pounds. The carload minimum weight on structural forms is 36,000 pounds. On this shipment the charge would be for 36,300 pounds (36,000 pounds plus 800 pounds less 500 pounds) at the rate applicable to the structural forms. Had the forms weighed but 34,000 pounds, the charge would be for 36,000 pounds, as the excess dunnage is taken care of under the minimum weight.

Section 2 (b), *Rule 30:* No allowance will be made for material used in securing the excess or overflow of a

full carload or of carloads entitled, under Rule 24, to carload rates. Had the previously mentioned shipment of structural forms actually weighed 56,000 pounds, of which but 50,000 pounds could be loaded on one car, and if 200 pounds of material were used to secure the excess 6,000 pounds on the second car, no allowance would be made therefor. It would be charged for at the carload rate applicable to the structural iron forms.

Rule 31

FREIGHT REQUIRING REFRIGERATOR OR HEATER CAR SERVICE

Refrigeration of Freight in Carloads—Freight in Heated Cars in Carloads—L.C.L. or Any-Quantity Ratings Do Not Apply on Freight Requiring Protection against Heat or Cold.

In connection with this rule it is advisable to call attention to the many special types of equipment designed and built for the quick, safe, and economical transportation of various commodities. These include, among others, refrigerator and insulated cars for the transportation of perishable goods; tank cars for liquids, such as oils, molasses, acids, etc.; palace stock cars for the transportation of animals of more than ordinary value; and cars of extraordinary dimensions, such as barrel cars.

Refrigerator cars are constructed with exceptionally thick walls, insulated with felt, paper, or other material designed to keep the air in the car at a desired temperature. These cars are fitted with bins, or bunkers as they are called, at each end of the car to hold ice. When meat, dressed poultry, fresh vegetables, and other perishable commodities are shipped, or en route, sufficient ice is placed in the bunkers to keep the air in the car at the proper temperature.

Heater cars of some types are built practically the same as refrigerator cars, except that they are designed so that heaters may be easily installed in them. As a matter

of fact, refrigerator cars are frequently used in moderately cold weather to protect shipments against cold, as their thick, insulated walls provide ample protection.

Section 1, *Rule 31:* Unless otherwise provided, the carload ratings given in the classification do not include the cost of refrigeration, of ice, salt, other preservatives, and labor. If refrigeration is furnished by the carrier or carriers, an additional charge, as named in their tariffs, will be made.

Section 2, *Rule 31:* The carload ratings provided do not obligate the carrier to furnish heat or heated cars except as provided in the carrier's tariffs—that is, the carrier does not undertake such services unless it has been specifically stated in its tariffs, and then only to the extent stated.

Section 3, *Rule 31:* This section applies to less-than-carload shipments or shipments taking any-quantity ratings, and relieves the carrier of the obligation of furnishing refrigerator or lined cars, heated or heater cars, except as specifically provided for in the carrier's tariff.

Rule 32

USE OF PRESERVATIVES FOR PERISHABLE GOODS

Ice or Other Preservative—Charges On and Disposition of—Ice or Other Preservative in Bunkers—Ice or Other Preservative in Body of Car—Ice in Same Package with Freight.

This rule applies in connection with ice or other preservatives used to protect perishable goods against heat.

Section 1, *Rule 32:* As explained in connection with the preceding rule, the cost of the ice, salt, or other preservatives placed in the car bunkers is in addition to the freight charge. The carriers maintain icing stations at which cars may be iced or re-iced, and if this service is

performed by the carrier, the expense is charged to the owner of the goods. No charge is made for the transportation of the ice or preservative if the carrier is allowed to keep that which may remain in the bunkers. If it is taken by the consignee, however, charges will be assessed on the actual weight of the preservative in the car at destination, at the carload rate of the freight which it accompanies.

Section 2, *Rule 32:* In some cases, as with fish, it is necessary to load the ice or preservative in the body of the car with the shipment instead of in the bunkers of the car. The rule applied to the transportation charge is the same as that in connection with Section 1, namely, that no charge will be assessed for the transportation of the preservative if it is left in the possession of the carrier.

Section 3, *Rule 32:* Frequently when certain commodities are shipped in containers—fish packed in barrels or boxes, for instance—it is necessary to pack them in ice within the container. When the ice is thus placed in the package with the commodity, no allowance is made for the ice, but the rate applicable to the commodity is charged on the total weight of the commodity, the preservative, and the container.

Rule 33

STOVES USED IN PROTECTING FREIGHT

Stoves Used for Protection of Freight in Carloads—Protection of Equipment—Attendants in Charge.

This rule applies in connection with stoves and fuel used to protect perishable goods against cold.

It provides that the stoves, fittings, and fuel must be furnished and installed by the owner of the shipment; that unless otherwise permitted by the regulation of the carrier or carriers, the fuel must consist of coal, coke, or charcoal. It provides further how the stove or heater

shall be installed. It makes compulsory upon the shipper the sending of a man to care for the fire. When this caretaker is in charge of a shipment of fresh fruit, or fresh or green vegetables, consisting of one or more cars, he will be carried free to the destination of the shipment, but will not be given free return transportation. The caretaker or caretakers in charge of shipments consisting of other than fresh fruit, or fresh or green vegetables, must pay full fare.

The last paragraph of this rule provides that no transportation charge shall be made for transporting the stove, fittings, or fuel required for the protection of the shipment.

Rule 34

GRADUATED MINIMUM CARLOAD WEIGHT RULE

Minimum Carload Weights—Car 36 Feet 6 Inches Long or Less Ordered and Longer Car Furnished in Lieu Thereof—Car Longer Than 36 Feet 6 Inches Ordered and Longer Car Than Ordered, or Two Cars, Furnished in Lieu Thereof—Cars Longer Than 36 Feet 6 Inches Used By Shipper Without Placing Order Therefor—Carload Excess Rule Not Applicable—Length of Cars, Basis For Computing—Computation of Time in Complying with Orders for Equipment—Carrier Complies with Shipper's Order if Car, the Minimum for Which Is the Same as Car Ordered, Is Furnished.

As already pointed out, in the discussion of carload minimum weights, all shipments that take a carload rating are subject to a carload minimum weight, and as the same amount of weight of different commodities cannot be loaded into a car of given dimensions, the carload minimum weight of different articles varies.

It will readily be understood that ordinarily 36,000 pounds of linoleum could easily be loaded into a standard box car, while it would be impossible to load 36,000 pounds of empty tin milk cans, bamboo furniture, or

other light and bulky articles into a car of the same dimensions. Therefore, while 36,000 pounds would be a reasonable minimum weight for a carload shipment of linoleum, it would be unjust as the minimum weight on a carload shipment of empty milk cans or other light and bulky articles. In order that the carrier may receive a just return for the use of equipment, and at the same time provide a just basis of weight applicable to light and bulky articles, a graduated scale of minimum weights dependent upon the length of car required to contain the shipment, has been provided in Rule 34.

An analysis of the minimum weights as provided in the freight classification will show that to a large extent 30,000 pounds is the dividing line between those articles that take a specific carload minimum and those that take a graduated minimum. Articles taking a carload minimum of 30,000 pounds or higher, as a rule take the straight minimum authorized; while articles taking a minimum weight of less than 30,000 pounds are, as a rule, made subject to Rule 34, which means that they take the graduated scale of weights according to the size of car required.

The minimum weights named in individual items in the classification apply on all sizes of cars except when the item states that the minimum weight is "subject to Rule 34."

Section 1, *Rule 34:* If articles which are made subject to Rule 34 are loaded in or on cars 36 feet 6 inches *or less* in length, the minimum carload weight as specified in the separate description of the article or articles will apply. If the shipment is loaded, except as provided in Sections 2 and 3, in or on a car *exceeding* 36 feet 6 inches in length, it will take the graduated scale of minimum weights as provided in Section 6. If a shipment of milk-shipping cans was loaded in a car 33 feet in length or in a car 36 feet 6 inches in length, the minimum weight to apply would be 16,000 pounds as authorized by the classification. But if the shipment was loaded into a car 40 feet

in length, the correct minimum weight—unless shipment was made under conditions referred to in Sections 2 and 3—would be 17,920 pounds; while if the shipper ordered and loaded a 50-foot car, the minimum weight to apply would be 25,920 pounds. (See Section 6 of Rule 34.) Of course, if the actual or authorized estimated weight of the shipment were greater than the minimum weight prescribed, such actual or estimated weights would apply.

When a shipper desires a car for loading, this car should be ordered in writing from the carrier. If the article or commodity he intends to load is shown in the classification as being "subject to Rule 34," the size of car desired should likewise be specified. It quite frequently happens, tho, that the carrier cannot furnish the size of car ordered, and Sections 2, 3, and 4 are designed to take care of just such situations.

Section 2, *Rule 34:* Section 2, you will observe, applies only when the shipper orders a car 36 feet 6 inches or less in length for articles "subject to Rule 34," and the carrier is unable to supply a car of the length ordered.

Section 2 (a), *Rule 34,* provides that if the carrier is unable to furnish a car of the size ordered, but furnishes one not exceeding 40 feet 6 inches in length, the minimum weight applicable for the car furnished shall be that fixed for the car ordered, except that when the loading capacity of the car furnished is fully used, the minimum weight applicable shall be that fixed for the size of car furnished. The exception is for the purpose of preventing the shipper from ordering a smaller car than is required to hold the shipment and then demanding that the lower minimum weight be protected.

Section 2 (b), *Rule 34,* covers instances where the carrier is unable, within six days after the receipt of the order, to furnish a car, either of the size ordered or one not exceeding 40 feet 6 inches in length, but furnishes a car of greater length than 40 feet 6 inches. In such instances the minimum weight applicable will be that fixed for the size of car ordered, unless the loading capacity of the car fur-

nished is used. In this case the minimum weight shall be that fixed for the size of car used.

Virtually the only difference between paragraphs (a) and (b) is that if the carrier is unable to furnish a car not exceeding 40 feet 6 inches in length under subdivision (b), he has six days in which to secure such a car before furnishing one of a greater length.

The last part of Section 2 gives the exact wording of the notation it is made compulsory upon the railroad agent to make on the bill of lading and waybill in every case where a longer car than that ordered is supplied.

Note 1, as referred to, provides specifically how the time elapsing from the receipt of the order for the car shall be computed.

Section 3, *Rule 34:* While Section 2 is applicable when a shipper orders a car 36 feet 6 inches, or less, in length, Section 3 is applicable only when a shipper orders a car over 36 feet 6 inches in length.

Section 3 (a), *Rule 34:* Under this paragraph, the carrier has six days in which to furnish a car either of the length ordered or of a greater length. If there is furnished a longer car than ordered, the minimum weight authorized for the length of car ordered will apply, unless the car used is loaded to visible capacity, in which case the weight applicable to a car of the length used will apply.

Section 3 (b), *Rule 34,* refers to instances where carrier furnishes two cars in lieu of the one ordered by the shipper. This paragraph provides that when a shipper orders a car *over* 36 feet 6 inches in length, and the carrier finds that it will be unable to furnish it within six days or to furnish one of greater length, it may furnish two shorter cars in place of the one ordered.

When two cars are thus furnished, the charges will be assessed on the minimum weight for one of them (the minimum weight of the longer car, if the cars are not of the same length) plus the actual or authorized estimated weight of the portion of the shipment loaded in or on the second car, providing, however, that the weight thus

determined is not less than the minimum weight for the car ordered.

For instance, a manufacturer made a shipment of bamboo furniture N.O.I.B.N. weighing 14,000 pounds, and, as the shipment required a 45-foot car, he ordered one of that length. Bamboo furniture N.O.I.B.N. takes a minimum weight of 10,000 pounds, subject to Rule 34. The carrier was unable to furnish within six days a 45-foot car, or one of greater length, and furnished two, each 36 feet in length. The shipper filled one car with 10,000 pounds, and the balance of the consignment (4,000 pounds) was loaded into the other car. The correct weight applicable to the two portions of the shipments would be: 10,000 pounds for the first car and 4,200 pounds for the second, making a total weight of 14,200 pounds, which is the minimum weight for a 45-foot car.

Now assume that the carrier placed one 40-foot car and one 36-foot car, and that the shipper loaded 12,000 pounds in the 40-foot car and 2,000 pounds in the 36-foot car. In that case, the weights upon which charges should be assessed would be 12,000 pounds for the first car and 2,200 pounds for the second car, a total weight of 14,200 pounds.

But now suppose that the shipper was able to load but 10,500 pounds in the 40-foot car, and placed the balance, 3,500 pounds, in the other car. In this case charges would be based on 11,200 pounds minimum for the 40-foot car, and 3,500 pounds for the 36-foot car. This, in effect, makes the shipper pay on 14,700 pounds, altho the shipment actually weighed but 14,000 pounds, and the minimum weight for the size of car ordered is 14,200 pounds.

An exception to the part of Section 3 just illustrated is made in favor of freight loaded on flat or gondola cars, when the length of the article or articles is such that it could have been loaded on a car of the length ordered. Under such conditions the minimum weight will be that for a car of the size ordered, even tho the lading rests on

Ga. Now, let us assume that there is no published thru rate, and that the Western Classification governs that part of the movement from Sioux City to Chicago, Ill.; the Official Classification from Chicago to Louisville, Ky., and the Southern Classification from Louisville to Atlanta.

The LaSalle Classification shows that copper coated iron bolts in boxes take fourth class in both the Official and Southern Classifications, and third class in the Western Classification. If we assume that the third-class rate from Sioux City to Chicago is 30 cents per 100 pounds, the fourth-class rate from Chicago to Louisville is 20 cents, and the fourth-class rate from Louisville to Atlanta is 15 cents, we have a thru rate of 65 cents per 100 pounds, thus:

Third-Class Rate Sioux City to Chicago	Fourth-Class Rate Chicago to Louisville	Fourth-Class Rate Louisville to Atlanta	
30c	20c	15c	=65c

If the minimum charge of 50 cents was applied to each factor rate governed by a different classification, we would have a minimum charge of $1.50, but as paragraph (d) provides that the minimum of 50 cents applies to the thru movement, the minimum charge under this paragraph alone would be 50 cents. We have already seen, however, that under paragraph (a) the minimum charge for a shipment classified first class or lower (in this case it is lower), will be that for 100 pounds at the rate applicable. The rate applicable is 65 cents; therefore, the minimum charge in this instance would be 65 cents.

Section 2, *Rule 13:* This section, it will be observed, applies on carload shipments only, and provides that the minimum charge for such a shipment be $15 per car. It should be particularly observed that there are two exceptions to this basis. The first exception is that the minimum charge of $15 per car does not apply on switch movements of any description, and the second exception is that it does not apply on shipments of brick, cement,

An analysis of this table will show that the divisions in terms of car length increase one foot each time up to and including 42 feet 6 inches, and then four feet each time up to and including 50 feet 6 inches, and all cars over that length are put in one general group.

An analysis of the graduated minimum weights shows that they are increased 3 per cent for each additional foot in car length up to and including 40 feet 6 inches, and 5 per cent a foot over 40 feet 6 inches, but not over 50 feet 6 inches. The minimum weight for any car more than 50 feet 6 inches in length is just double the basic minimum weight.

An application of the graduated scale of weights is as follows: The basic carload minimum weight for milk-shipping cans is 16,000 pounds, subject to Rule 34. Refer to the "length-of-car" column in the first part of the table in Section 6 of this rule, and you will find the following: "cars over 39 feet 6 inches, and not over 40 feet 6 inches long." Now look directly to the right, in the box column headed "16,000 pounds." There you will find the figure 17,920 pounds, which is the minimum weight applicable for a 40-foot car. For a shipment the basic minimum weight of which is 22,000 pounds and which is loaded in a 50-foot-6-inch car (such car being ordered by the shipper), the minimum weight applicable would be 35,640 pounds.

Section 7, *Rule 34:* The length of flat cars is based on the length of their platforms, and the length of all other cars (except refrigerator cars) on the inside measurements. The length of a refrigerator car is measured from the inward side of the ice box. Fractions of an inch are disregarded in computing the length of cars. The platform measurement of flat cars and the inside measurement of other cars must be shown on waybills and transfer slips to connecting lines.

The Official Railway Equipment Register, published at 76 Church Street, New York City, contains a list of all steam railroad equipment owned by railroads or by

It might be stated that frequently a carload shipment may start for a given destination and later be "reconsigned," that is, sent to another destination or perhaps a different consignee. Ordinarily, in such cases the original bill of lading is surrendered to the carrier, who then issues what is known as an Exchange Bill of Lading. Rule 14 does not prohibit such a practice, as the first-issued bill of lading is, so to speak, canceled, and the exchange bill of lading is not issued from the *loading point*.

Also, if a shipment could not all be loaded in or on one car and the excess or overflow was loaded in or on another car, and came within the restrictions prescribed in Rule 24, the bill of lading would carry reference to the number and initial of the car in or on which the excess was loaded; thus there would be but one bill of lading covering the shipment.

Where a shipment is in excess of one carload, and the excess, subject to Rule 24, is loaded in or on another car, the railroad agent makes out a freight bill (for definition of a freight bill see Traffic Glossary) for the fully loaded car and shows on this bill the weight and charges for the entire shipment, and also shows thereon reference to the car carrying the excess lot. He then makes out a freight bill for the excess part of the shipment, but instead of showing any charges thereon he makes a notation similar to the following: "Part Lot—weight and charges on Waybill (number and date); Car (initial and number); Freight Bill (number and date);" thereby making reference to the waybill and the freight bill carrying the charges. Technically, in connection with Rule 14, the second so-called freight bill is not a freight bill, but a reference document to the freight bill.

The last sentence in Rule 14 provides that the minimum carload weight shown in connection with a carload rating or rate is, of course, the least weight in connection with which such a rating or rate can be used. Naturally, if the actual weight of the shipment is more than the minimum weight, charges must be based on the actual weight.

state Commerce Commission found that some 250,000,000 barrels of crude oil were produced annually in the United States, and that 91 per cent of the refined oil produced in this country moved in tank cars. It further appeared in this case that the cost of transportation in barrels was from 3½ to 3¾ cents per gallon in excess of the cost in tank cars, and was, therefore, practically prohibitive. The complainant endeavored to get an order from the Interstate Commerce Commission requiring the carrier to furnish such tank-car equipment; and the Commission upon hearing the evidence, decided that the carrier was obligated to furnish the necessary facilities for transportation, and that tank cars were included among such facilities. Upon appeal to the United States Supreme Court, however, this ruling of the Commission was reversed on the grounds that the Act to Regulate Commerce did not confer upon the Interstate Commerce Commission the necessary authority, and that, therefore, it could not compel the carrier to furnish special cars.

With the exception of those belonging to a few railway lines, practically all tank cars are owned by private organizations or by private car lines, and shippers who desire to use such equipment must make arrangements with these companies for the necessary cars.

If, however, the carrier's cars are used, the rule provides that any necessary interior cleaning of such cars must be performed by and at the expense of the shipper.

Section 2, *Rule 35:* The minimum weight to apply on a shipment in a tank car is based on the number of gallons which the tank, exclusive of the dome, can hold, and the weight per gallon of the commodity being shipped. If the specific gravity or density (weight per gallon) of the liquid is such that the minimum weight determined in this manner is in excess of the weight-carrying capacity of the car, the minimum weight to apply is the weight-carrying capacity of the car. If the quantity loaded into a tank car is such that it more than fills the "shell," and so extends up into the "dome" of the car, the com-

puted weight of the quantity in the dome must be added by the shipper to the minimum weight computed on shell-gallonage capacity, in determining the total weight of the shipment.

Section 3, *Rule 35:* In connection with tank car ratings for various liquids, it is customary to provide the weight per gallon which will be used in computing the weight of the shipment. Not only are some liquids heavier than others, but there is considerable variation in the weight of different specimens of the same liquid. Crude oil from the Pennsylvania oil fields is not so heavy per gallon as crude oil from the Texas fields. For this reason the carriers do not necessarily all agree on the weight to apply on a particular liquid.

For example, by reference to the classification, it will be found that the authorized estimated weight of various petroleum oils is 6.6 pounds per gallon, and that on some of these specifically mentioned oils this weight applies in all three classification territories, while on crude fuel, or gas oil, it applies only in Official and Southern Classification territories, the estimated weight applying under the Western Classification being 7.4 pounds per gallon.

This brings about a peculiar situation inasmuch as the minimum weight for a car of crude oil moving in a car of 5,000 gallons shell capacity would, under the Official and Southern Classifications, be 33,000 pounds, while under the Western Classification it would be 37,000 pounds. For gasoline the minimum weight would be 33,000 pounds regardless of the territory in which the shipment moved.

When no authorized weight is provided the shipper must certify on the bill of lading the actual weight per gallon of the commodity shipped; or if the entire shell capacity of the car is utilized, the certificate of a sworn weighmaster may be furnished as a basis for assessing charges.

Section 4, *Rule 35:* It is well known that heat expands liquids. When loading inflammable liquids it is therefore required that a certain amount of space be left to

allow for such expansion as is likely to take place if the temperature of the liquid is raised. This vacant space is called "outage." The higher the temperature of the liquid at the time of loading, the less "outage" is required. The Interstate Commerce Commission regulations stipulate in part that the vacant space in tank cars must not be less than 2 per cent of the total capacity of the tank, that is, the shell and dome capacity combined. If the space in the dome does not equal 2 per cent of the total capacity, sufficient vacant space must be left in the shell to make up the deficit, and the minimum weight will be correspondingly reduced.

When a shipment is made under these circumstances, the shipper is required to show on the bill of lading or shipping ticket the capacity of both the dome and the shell, as well as the gravity and temperature of the commodity at the time of loading.

Section 5, *Rule 35:* The gallonage capacity of tank cars can be found in a publication entitled "Tank Car Circular," which is issued by E. B. Boyd at Chicago, Ill., and is on file with the Interstate Commerce Commission.

Section 6, *Rule 35:* As has been stated before, the carriers do not hold themselves out to furnish tank-car equipment. While tank cars may be considered special equipment, nevertheless the law imposes upon common carriers the obligation to furnish instrumentalities of transportation; and in instances where they are furnished by the shipper or owner, the carrier must compensate such shipper or owner. Section 6 of Rule 35 specifies the basis of such compensation, the method of computing it, and the conditions under which it will be granted. It must be observed, tho, that if the carriers' tariffs carry provisions contrary to, or in conflict with, those of Section 6, the tariff provisions will take precedence over those of this section.

Section 6 (a), *Rule 35:* Here it is provided that when a tank car is furnished by a shipper or owner, mileage

at the rate of 1½ cents per mile will be allowed for the use of such a car when properly equipped, whether the car moves empty or loaded, and that payment will be made to the owner or party who has acquired the car, as shown by its permanent reporting marks.

As the greater portion of tank cars are leased by a shipper direct from the companies whose business is the leasing of such cars, and as the carrier has no way of knowing by whom the car is being operated, and to whom the mileage allowance should be paid, it requires that a permanent reporting mark must be either painted or stenciled on the body of the car. This permanent reporting mark shows to whom the mileage allowance should be paid, and payment is made accordingly. Observe that the note shown in connection with this rule requires that the permanent reporting mark be painted or stenciled directly on the body of the tank car and that carding, placarding, or boarding of the car will not be recognized as evidence that the person or firm shown thereon is entitled to receive the mileage allowance payment.

Section 6 (a) further provides that the legal distance tables published by carriers will be used to determine the actual mileage of tank cars, whether loaded or empty, moving over the route of movement between the point of origin and the point of destination, but that no mileage will be paid for switch movements at terminals, nor for mileage of empty cars for which charges are assessed under freight-car tariffs.

This latter movement usually occurs when cars are acquired by a new lessee or owner and are sent from the old lessee or owner to the new one, or when newly built cars are sent to their owner or lessee before being placed in service. In such cases, the basis of charge is that provided in the rate tariffs of the carrier, or in a classification.

Section 6 (b), *Rule 35*, pertains to the movement of empty private tank cars, and states that such empty

cars will be handled without charge at the time of movement only by carriers whose tariffs are governed by either the Official, Southern, or Western Classification, and then only when subject to the conditions set forth.

In determining the rating or rate assigned to apply on commodities moving in tank cars, the fact that mileage allowance will normally have to be paid on the empty movement by the carrier is taken into consideration. Also, by a careful reading of the first paragraph of Section 6 (b), it will be seen that the carriers receive no compensation for moving an empty car; and in order to prevent advantage being taken of this fact and the considerations entering into the rating or rate assigned tank-car commodities, a so-called "equalizing rule" has been adopted. This rule is the same as reflected in the balance of Section 2 (b) of Rule 35 and may be interpreted as follows: On June 30 of each year, or at the close of any yearly period mutually agreed upon, the total mileage that all the cars of a given owner or lessee have moved loaded is checked against the total mileage such cars have moved empty, and if the two equalize, the carrier pays the owner (lessee) the mileage allowance of 1½ cents per mile for the total number of miles moved.

If, however, at the end of the yearly period, the owner has given the carrier a greater loaded than empty mileage, such excess loaded mileage will be continued as a credit against the empty movement of that owner's cars for the ensuing twelve months.

On the other hand, if, at the end of the yearly period, the empty mileage exceeds the loaded mileage, the owner (lessee) is permitted to make up the deficit by giving the carriers on whose lines the excess empty mileage accrued, loaded movements sufficiently heavy to offset within six months the excess empty mileage. If the owner fails to equalize the mileages, he must refund the excess mileage allowance, and in addition pay the tariff or classification rates, as the case may be.

In the application of this so-called equalization rule, it should be understood that many shipments in tank cars, particularly petroleum and its products, are often only partially unloaded at destination, and the portion remaining in the tank is returned to its point of origin at the less-than-carload rate. On such a movement the mileage equalization feature will not be allowed.

Section 6 (c), *Rule 35*, states that paragraphs (a) and (b) of this section will not apply in connection with new cars moving from their point of manufacture, newly acquired cars moving to their loading point or to the home point of the lessee, nor new cars being returned from such points to the original point of manufacture.

Section 7, *Rule 35:* It frequently happens that on account of climatic conditions, or otherwise, the receiver of a tank car of oil, acid, or other liquid commodity is unable to unload the car completely, and a part of the lading is left in the car and returned to the original shipping point. This weight must be declared by the party receiving the return shipment, and the rating to apply to the commodity is the one applicable to the same commodity when shipped in less-than-carload quantity in bulk in barrels. There is a proviso that the charge made on such a basis shall not exceed the charge that would accrue upon a carload of the same freight in a tank car, except in instances where no commercial consideration is given to the remaining substance by means of a credit allowance, as referred to in the preceding discussion. When the substance is removed from the car and disposed of as waste before another shipment is made in the car, the weight of the remaining portion of the commodity or the residue remaining need not be declared, and no charge shall be made for the transportation thereof.

Section 8, *Rule 35:* The more inflammable kinds of liquids, (those which are likely to explode when they come in contact with an open flame), will be accepted for transportation only when the consignee has facilities for unloading on a private siding.

Rule 36

DISPOSITION OF FRACTIONS IN COMPUTING FREIGHT CHARGES

Detailed Statement of How Fractions of a Cent Are to Be Disposed of in Computing Freight Charges—Examples of the Application of the Rule.

This rule, unless otherwise prescribed, provides a uniform method for the disposition of fractions which develop incident to determining a multiple rate or in figuring an increase in a rate due to noncompliance with a classification requirement.

Under this rule, the only fraction which can occur in a rate is ½ cent. The net result to both shippers and carriers is not materially different from that which would obtain if the actual fractions were retained. What is lost in one instance is gained in another; the figuring of rates and increases in rates is simplified, and the probability of errors reduced.

Note carefully the dividing line: The fraction is dropped when it is less than ¼ cent. When the fraction equals ¼ cent or an amount not including ¾ cent, it is to be regarded as ½ cent. When it equals ¾ cent or over, it is to be increased to a full cent.

As indicative of the application of this rule, consider a first-class rate between two given points as $1.25. It is necessary to determine the multiple class of 1¼ times first class. Multiplying $1.25 by 1¼ gives a total of $1.5625. The rule provides that fractions of ¼ of a cent be counted as ½ of a cent, so the rate to use would be $1.565.

Likewise, if, for noncompliance with Section 1 (b) of Rule 41, it is necessary to increase a rate of $1.36, 20 per cent, the actual extension of the fractions gives a rate of $1.632. As the rule says that fractions amounting to less than ¼ of a cent will be dropped, the rate applicable would be $1.63.

Rule 37

DEMURRAGE, SWITCHING, STORAGE, AND SIMILAR CHARGES

Special Service Rendered by Carriers to Shippers Including Switching, Storage, Demurrage, and the Like—Standard Methods Are Provided for Charging for Such Service.

In many cases privileges, or what is perhaps a better term, special services, are granted in connection with the transportation of certain kinds of freight. Grain is forwarded to mills for grinding into flour or other products, or it may be forwarded to an elevator for grading, cleaning, mixing, etc. Apples are forwarded from the territory in which they were grown to storage points in or near the market of their consumption. A shipment of oil originating in Oklahoma may originally be consigned to Chicago, Ill., and while it is en route may be "reconsigned" to Cleveland, Ohio.

Rules, regulations, and charges are prescribed for the switching of freight at its point of origin and destination. The bill of lading covering a shipment may prescribe a certain route over which the shipment is to move, and later developments may make it advisable that the shipment move over some other route, in which case the car would be diverted or sent via a different route. For some of these or similar special services, additional charges are made; for some, no additional charge is made; but whether or not such charge is made, the services are not permitted unless authorized and provided for in the schedules or tariffs of the carriers. Such schedules or tariffs must be duly filed with the Interstate Commerce Commission in accordance with the regulations prescribed by the Commission.

The rules, regulations, and charges governing the services referred to are in some cases published in rate tariffs. In some cases they are published in special tariffs, and in other cases, in exceptions to the classification, in circulars and schedules of the carriers.

The conditions and requirements governing these services and facilities are so diversified, and there is such a lack of uniformity, with regard both to the rules and privileges accorded different services and to those of the same services by different carriers, that it has so far proven impracticable to publish these rules in a single publication or even in relatively few publications.

Rule 37 has been incorporated in the classification for the purpose of making shipments which move under rates carried in tariffs governed by the Official Classification, Southern Classification, or Western Classification, and which receive any so-called "special services or facilities" subject to the rules, regulations, and charges lawfully established by the carriers.

In other words, if a shipper at San Francisco wanted to ascertain the switching charge applicable to placing a car at a given point in New York City, it would be necessary that the tariff covering such service in New York City be consulted. If a shipper of a car of grain destined to Chicago desired to reconsign the shipment to Buffalo, it would be necessary for him to consult the publication carrying the reconsignment privileges and charges of the particular carrier in whose possession the shipment was at the time of reconsignment.

Rule 38

COMMODITY RATES VS. CLASS RATES

The Purpose of the Rule to Establish a Working Basis for Applying Only the Commodity Rate or Only the Class Rate to Any Shipment—An Explanation of the Practical Application of the Rule.

The ratings in the freight classification, together with the class-rate tariffs, provide the general basis for determining the transportation charges on shipments of articles or commodities for which no other basis is provided. The other method of providing the basis for the

transportation charge is the publication of a commodity rate, which is, as previously stated, a specific rate applying on a specified article from and to specified points.

As there are class rates covering practically all articles or commodities moving from any one railroad station to another in the United States, the naming of a commodity rate on virtually any article or commodity from one station to another makes two rates on the same article, from and to the same points. It therefore becomes necessary to have some authority for applying but one of the two rates named, and Rule 38 provides this authority.

It states that in all cases, with one exception, the established commodity rate removes the application of the class rate. This means that the class rate would be disregarded and the commodity rate used. The one exception applies whenever the class rate is published in one section of a tariff, and a commodity rate covering the same articles from and to the same points is published in another section of the *same tariff;* and further, when both the class-rate section and the commodity-rate section of the tariff include a specific rule reading "If the rates of Section — of this tariff make a lower charge on any shipment than the rates in Section — of this tariff, the rates in Section — will apply." Whichever of the two rates makes the lower charge will apply.

It should not be understood from this that the establishing of a less-than-carload commodity rate removes the application of the carload class rate, nor that a carload commodity rate alters the less-than-carload class-rate basis.

Rule 39

EXPLOSIVE AND OTHER DANGEROUS FREIGHT

Rules and Regulations as to Packing, Marking, and Labeling under Which Carriers Will Accept Explosive or Other Dangerous Articles—Federal Regulations Stringent.

This rule makes the general rules of the Interstate Commerce Commission for the transportation and handling of explosives and dangerous articles applicable upon all shipments subject to this classification. The carriers' risk in transporting certain classes of goods is so great that they must either refuse to handle these goods at all, or accept them only under the most stringent regulations, as the ordinary rules do not provide the necessary safeguards.

The federal regulations name the various articles which are termed dangerous, whether explosive or otherwise, and give explicit instructions as to the methods of packing, the kinds of labels to be affixed to the packages and to the cars in which the consignments are loaded, and the statements which must appear on the various shipping documents.

As these rules are made by the federal government to safeguard life and property, failure on the part of shippers or carriers to comply with the requirements, carries severe penalties of fines and imprisonment. Copies of these regulations may be secured by addressing the Superintendent of Documents, Washington, D. C., and requesting a copy of "Interstate Commerce Commission Regulations for the Transportation of Explosives and Other Dangerous Articles by Freight."

Rule 40

THE CONSTRUCTION OF FREIGHT CONTAINERS

Specifications for Boxes, Crates, Pails, Firkins, Kits, and Tubs—Securing Tops for Pails and Tubs—Exceptions for Wooden Tubs—Compressed Pulp Pails—When Certificate of Manufacturer Must Be Attached.

One of the purposes of Rule 40 is to prescribe specifications as to the materials that must be used in, and the method of construction of, containers. Another purpose is to provide a gauge by which one may determine whether or not the shipment is subject to the penalty of a higher charge, as provided for in Section 3 of Rule 5. A third purpose is to provide a description of what constitutes, within the meaning of the classification, a box, crate, pail, or other specific kind of container. Its fourth purpose, and probably not its least important one, is to compel shippers to prepare articles adequately for shipment.

Altho it has been incontrovertibly proved that there is an enormous economic waste occasioned by the improper preparing of goods for shipment by freight, the average shipper seems to be content to remain penny-wise and pound-foolish by attempting to save some money thru skimping on the cost of packing and containers for his goods, and to a large extent ignore the fact that such a policy occasions him heavier loss thru dissatisfied customers, as well as the expense of prosecuting loss and damage claims, which many times more than offset the supposed savings.

The progressive traffic man knows that it is more to his advantage than to that of the carriers to prepare his shipments so that loss and damage to the goods will be reduced to the minimum.

While, as has just been pointed out, Rule 40 is an important one and should be carefully studied in connection with actual freight shipments, it is not reproduced in full in the model classification furnished you

nor analyzed in its entirety in this text, because it is an extremely long rule containing a mass of detail specifications, and is to a large extent self-explanatory. Representative excerpts of this rule are reproduced, however, in the LaSalle Classification, and should be carefully read and studied.

Rule 40 pertains to the materials entering into, and the method of construction of, containers other than those made of fibreboard, pulpboard, and double-faced corrugated strawboard, which are covered by Rule 41.

Sections 1 and 2, *Rule 40:* These sections pertain to the construction of boxes and crates and are self-explanatory.

Section 3, *Rule 40:* You will note that this section pertains to the construction of pails, firkins, kits, and tubs. Particular attention is directed to Section 3 (b) wherein it is required that all pails made of compressed pulp, and meeting the specifications contained in Rule 40 of the authorized classification of the carriers, must be stamped with the "Certificate of Pail Maker," and, further, in compliance with Section 3 (c), that when such pails are used in shipment, the shipping order or bill of lading must bear the notation: "The pails used for this shipment conform to the specifications set forth in the pail maker's certificate thereon and to all other requirements of Rule 40."

Sections 4, 5, and 6, *Rule 40:* Reference is made in these sections to barrels, casks, drums, hogsheads, kegs, tierces, and similar containers; while Sections 7, 8, 9, and 10 refer to drums, jacketed metal cans, glass carboys, and bags. All these sections are plain and need no interpretation.

Noncompliance with any one of the requirements of this rule subjects shipments made in these kinds of containers to the penalty provided in Rule 5, unless deviation from the specifications shown is authorized in connection with an individual item of the classification.

Rule 41
SPECIAL REGULATIONS — FIBREBOARD, PULPBOARD, AND CORRUGATED STRAWBOARD CONTAINERS

Defining in Detail the Exact Specifications of Freight Containers Made from These Materials—Reasons for the Specification—Practical Application of the Requirements of This Rule.

Rule 41, like Rule 40, pertains to the materials and construction of containers, but is applicable only to fibreboard, pulpboard, or double-faced corrugated-strawboard containers. It is even longer and more minute in its specifications than is Rule 40, and therefore is neither reproduced in full in the model classification, nor analyzed in detail herein.

Within recent years manufacturers in many lines of business have adopted containers made of fibreboard, pulpboard, or double-faced corrugated strawboard, since these containers are readily adaptable to small package goods and to many light and bulky articles. A considerable saving results not only in the cost of the container itself, but also in the total weight of the shipment; for it is evident that a box of wood, iron, or steel, or even a crate of wood, is considerably heavier than a fibreboard box.

The quality of the material, and the construction, packing, and sealing of these packages are of the greatest importance to the shipper as well as to the carrier, because the safe delivery of a shipment is reasonably assured only when the container is properly made, packed, and sealed. It is evident that unless the carriers adequately protect themselves in this regard, their liability for loss and damage will be greatly increased.

The carriers have protected themselves in the use of fibreboard containers by the penalty clause given in Sections 1 and 12, in which it is provided that unless all the requirements in regard to construction, sealing, and certifying, the provisions of Section 2 of Rule 5, ar

the provisions in separate description of articles are fully met, the rate upon the shipment shall be increased 20 per cent, with a minimum increase of 2 cents per 100 pounds.

As an illustration of the application of this penalty, suppose a shipment of 4,000 pounds of malted milk in cans is packed in fibreboard containers which fail to comply with some one of the requirements set forth in the rule. If the second-class rate which would normally apply under the classification is 60 cents, under the provisions of this rule, the rate would be increased to 72 cents (60 cents plus 20 per cent). Thus, because of even a very slight omission, the shipper or consignee is penalized 12 cents per 100 pounds, or $4.80.

Sections 2, 3, and 5, *Rule 41:* These sections give detailed specifications for the construction of different fibreboard boxes according to the weight each is intended to carry. Provision is made that each box must be made of a specified number of layers of fibreboard, each ply of a given strength, and the combined board of a further given strength and thickness. The actual strength is determined by the Mullen testing machine, which indicates the pressure necessary to puncture the material.

Section 4, *Rule 41:* This has to do with the final sealing after the box has been packed. Many shippers have been penalized because of failure to observe the requirements of this section in regard to the overlap of the seals at the sides and ends of the box, or the requirements for gluing down the inner flaps of the box. It is necessary that each and every one of these provisions be complied with, as the agents of the various inspection bureaus take particular pains to investigate these points. It is their business to enforce these requirements, and knowing how easy it is to make some slip where there are so many technicalities, they follow such shipments very closely.

Section 6, *Rule 41:* This is a simple provision requiring that all commodities, except as specifically provided in

Section 7 of this rule, of such a nature that they are likely to sift or leak from the package, must be in some inner container such as a can or carton and that they must be packed in the outer container so as to leave no empty space.

Section 7, *Rule 41*, provides the inner packing requirements for glassware or other fragile articles, or articles in glass or earthenware. In no case will such shipments be accepted in fibreboard containers if the gross weight of the contents and package is in excess of 65 pounds. The inner packing requirements provide for a careful wrapping of each article and also specify that it shall then be placed in a carton and that the box itself must be lined with corrugated strawboard or excelsior lined pads.

Section 8, *Rule 41*, shows the form of the guaranty which the boxmaker must stamp or print upon the box, certifying that it complies with the various sections of this rule. Since the railroads and the classification committees have no direct dealing with the manufacturer of the boxes, the only means of enforcing the stamping of such a statement upon the box is this requirement imposed upon the users of the boxes.

Section 9, *Rule 41*, defines the terms "joints" and "seams" as used in this rule.

Sections 10 and 11, *Rule 41*, cover the construction of joints used in making fibreboard, pulpboard, and strawboard boxes. These provisions are merely such as will make certain that the box will not fall apart in transit, and permit sealing with paper or cloth strips, riveting, or gluing the edges which come in contact.

The remaining sections of this rule make similar provisions for other fibreboard containers in much the same manner as the previous rules have for fibreboard boxes. Each section is of vital importance to users of the various containers provided for, and the rules, as contained in the carriers' classifications, should be studied carefully by all who have occasion to use such containers. The requirements are not taken up in detail here, for they

are so clear and explicit that they do not require further explanation.

Owing to the extreme technicality of the specifications relating to fibreboard containers, the average shipper using them must depend to a large extent upon the manufacturer to see that all requirements and specifications as to material, construction, and certification are fully complied with. Such being the case, it behooves the shipper who contemplates the use of such containers to protect himself fully before purchasing from the manufacturer.

As was stated at the beginning of this discussion of the General Rules of Consolidated Freight Classification, the interpretations of these rules are given for the purpose of guiding the reader in the application of the various rules to concrete situations, rather than as an exposition of the interpretations which should be given in all instances.

It has been said that the circumstances surrounding no two shipments are identical in every respect. Therefore, the only proper and effective way of applying the rule that should govern in a given circumstance, is to take into consideration all the actual circumstances and conditions surrounding the shipment and its movement.

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Late Chairman, St. Louis Eastbound Freight Committee
Chairman, St. Louis-Cincinnati-Louisville Freight Committee

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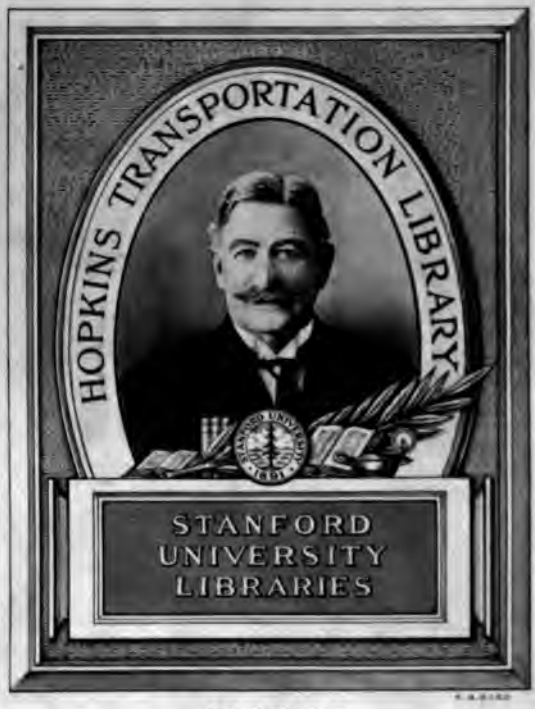

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Late Chairman, St. Louis Eastbound Freight Committee
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EXPORT AND IMPORT FREIGHT RATES

CHAPTER I

EXPORT AND IMPORT TRAFFIC

It is safe to say that few people who are not directly connected with the importation or exportation of goods to or from foreign countries appreciate the importance of the rate structure under which this traffic is handled. The industrial man or jobber should be greatly interested in this subject from the standpoint of a further development of his business and should furnish to his patrons lines of goods that cannot be secured in this or their countries, while the railroad traffic man should find the subject of importance from the standpoint of a rate-making factor and because it should afford a field for the development of additional traffic for his line.

French sardines, English soaps, German toys, etc., are placed on sale in the middle western section of this country in competition with articles of the same kind but of domestic manufacture or production. It is a very comprehensive system of transportation that enables the foreign producer, after paying a duty varying from one to fifty per cent, to sell at retail these articles on substantially the same terms as the American producer.

Likewise, American manufacturers have created a demand in foreign lands for their products, and a system of rates must be evolved which will enable them to reach such markets and dispose of their goods at some profit. It is to the carriers' interest that everything be done to facilitate the development of this commerce.

1. Foreign Commerce

In order to follow without difficulty the succeeding statements relative to the adjustment employed with respect to our foreign commerce, it is necessary that some explanation be made of the terms employed.

By the ordinary use of the word "imports" is understood the designation of articles that are brought into this country from some foreign country, while the term "exports" is applied to articles which are manufactured in this country and are sent abroad to countries either adjacent or not adjacent to the United States.

This traffic, both as to exports and imports, may be divided into the following classes for the purpose of analysis: (1) The transportation of property from any place in the United States to an *adjacent* foreign country, as, for example, a movement of freight from Chicago, Ill., to Montreal, Can., or from Chicago to Mexico City, Mex.; (2) the transportation of property from any place in the United States to a foreign country *not adjacent* to it and carried from such place to a port of transshipment, as, for example, a movement of property from Chicago to Havre, France, by way of New York, N. Y.; (3) the transportation of property from an *adjacent* foreign country to any place in the United States, as, for

example, a movement of freight from Montreal, Can., to Pittsburgh, Pa., via International Border Points or via the Niagara frontier; (4) the transportation of property from a foreign country *not adjacent* to any place in the United States and carried to such place from a port of entry either in the United States or in an *adjacent* foreign country, as, for example, a movement of freight from Liverpool, England, to St. Paul, Minn., through any of the American or Canadian ports of entry; (5) the transportation of property from a foreign country *adjacent* or *not adjacent* to the United States through an American port of entry to a foreign country *adjacent* or *not adjacent* to the United States, by way of an American port of transshipment or international border point, as, for example, a movement of freight from Copenhagen, Denmark, to Mexico City, Mex., by way of New York, N. Y., as the port of entry and Eagle Pass, Tex., as the point of export, or a movement from Genoa, Italy, to Vladivostok, Siberia, entering this country by way of Baltimore and being transshipped to final destination by way of Seattle, Wash.; and (6) the transportation of property to or from American ports of entry or transshipment from or to foreign countries *adjacent* or *not adjacent* to the United States by water, as, for example, a movement of freight from Halifax, Nova Scotia, to Boston, Mass., or from New York, N. Y., to Vera Cruz, Mex.

2. Port Cities

The ports of entry and transshipment referred to in the foregoing paragraph are applied to such cities on and

adjacent to the Seaboard as are served by ocean steamship lines. These cities may be grouped as follows:

CANADIAN PORTS

Halifax, N. S.	Montreal, Que.
St. Johns, N. B.	West St. Johns, N. B.
Vancouver, B. C.	Quebec, Que.
Prince Rupert, B. C.	

NORTH ATLANTIC PORTS IN THE UNITED STATES

Boston, Mass.	Baltimore, Md.
Philadelphia, Pa.	Jersey City, N. J.
Newport News, Va.	Norfolk, Va.
New York, N. Y.	

SOUTH ATLANTIC PORTS IN THE UNITED STATES

Wilmington, N. C.	Savannah, Ga.
Beaufort, S. C.	Fernandina, Fla.
Jacksonville, Fla.	Charleston, S. C.
Georgetown, S. C.	Brunswick, Ga.

GULF PORTS IN THE UNITED STATES

Key West, Fla.	Texas City, Tex.
Pensacola, Fla.	New Orleans, La.
Port Arthur, Tex.	Galveston, Tex.
Tampa, Fla.	Apalachicola, Fla.
Mobile, Ala.	

PACIFIC COAST PORTS IN THE UNITED STATES

San Francisco, Cal.	Tacoma, Wash.
Seattle, Wash.	San Diego, Cal.
San Pedro, Cal.	

The above list gives the more important ports by way

of which published export and import rates apply. There are a number of points adjacent to some of these ports to which the basis is also extended. The sailings from such points, however, are not frequent and the list given will suffice for the purpose of this treatise. Before leaving this subject, it may be remarked that there is a through all-water route from ports located on the Great Lakes to foreign countries by way of the Welland Canal and the St. Lawrence River. In this sense the Great Lake ports become ports of entry or transshipment.

3. Definition of Foreign Countries

The tariff regulations of the Interstate Commerce Commission provide that the extent of the application of export and import rates must be clearly set forth in the publications in which they are contained, because the term "foreign countries" is in itself ambiguous and susceptible to varying interpretations.

The carriers, in general, have complied with this requirement, but no set rule may be laid down by which it may be determined what countries are and what countries are not included in the term, inasmuch as in one issue we may find "foreign countries" defined as follows: "European countries, viz., Europe, Asia, Africa, Australia, New Zealand, and the Philippine Islands"; in another issue "foreign countries" may be referred to as Europe and points beyond; while in still another as Cuba and the West Indies.

These variations serve to indicate the necessity of careful study of the issues containing the rates, in order to ascertain the extent of their application.

4. Filing of Export and Import Tariffs by Ocean Carriers

Ocean carriers between ports of the United States and foreign countries *not adjacent* to it are not subject to the terms of the Act To Regulate Commerce nor to the jurisdiction of the Interstate Commerce Commission.

(*a*) *Foreign Countries not Adjacent to the United States*

Sections a and b of Rule 71 of Tariff Circular No. 18-A read as follows:

(a) The inland carriers of traffic exported to or imported from a foreign country not adjacent must publish their rates and fares to the ports and from the ports, and such rates or fares must be the same for all, regardless of what ocean carrier may be designated by the shipper or passenger.

(b) As a matter of convenience to the public said carriers may publish in their tariffs such through export or import rates or fares to or from foreign points as they may make in connection with ocean carriers. Such tariffs must, however, distinctly state the inland rate or fare as above provided, and need not be concurred in by the ocean carrier, because concurrence can be required from, and is effective against, only carriers subject to the Act.

(*b*) *Foreign Countries Adjacent to the United States*

Rule 72 of Tariff Circular No. 18-A reads as follows:

Tariffs to or from Points in Adjacent Foreign Countries.—Through rates and fares from points in the United States to points in foreign countries adjacent thereto and through rates and fares from points in adjacent foreign countries to points in the United States are a great convenience, and the Commis-

sion therefore desires to permit and encourage the publication and filing of such through rates and fares under lawful and proper conditions. Therefore, and until further order of the Commission:

A joint tariff naming rates or fares from a point in the United States to a point in Mexico or in Canada; from a point in Mexico or in Canada to a point in the United States; from a point in Mexico through the United States to a point in Canada; from a point in Canada through the United States to a point in Mexico; from a point in Mexico through the United States to a point in Mexico; from a point in Canada through the United States to a point in Canada; from a point in the United States through Mexico or through Canada to a point in the United States, must be concurred in, in form prescribed in these regulations and without reservation by all lines that are parties to the through rates or fares and that participate in transportation thereunder; or, a statement of the divisions of the rates or fares accruing to the roads in the United States to or from the border must be incorporated in the tariff or be filed with the Commission together with and at the same time the tariff itself is filed. * * *

In passing, it may be stated that, as a rule, through rates to adjacent countries are published and filed with the Interstate Commerce Commission wherever possible under joint traffic associations. On the other hand, in so far as foreign commerce to countries not adjacent to the United States is concerned, only the inland proportions of the through rates are shown.

5. Through Rates

As a general rule, there are no through rates published either to or from foreign countries, from or to interior points of destination in the United States. As to the tariffs publishing the through rates, these tariffs show

the proportion for the inland portion of the haul and the proportion for the ocean haul separately. They usually contain a proviso that the rate shown for the ocean haul is not on file with the Interstate Commerce Commission, this rate being subject to change without notice.

The rates and classifications of the ocean carriers vary materially according to the conditions applying on individual shipments. Quotations are usually made for each sailing, because they may differ somewhat from those of the previous sailing. It is apparent from this that it is quite essential to consult the boat line or lines handling these shipments at the time they are ready to be forwarded and then to forward them in ample time to make connection with the sailing for which the quotation has been given.

6. Domestic Rates as Maximum

As special rates are made on export and import traffic to stimulate its movement, it is only natural that such rates should not exceed the domestic rates on similar traffic between the same points. It may safely be said that they never do, for when an inland proportion of an export or import rate is established, it is always less than the domestic rate and when no rates are established, the domestic rates applicable upon the same traffic are applied.

There are many special documents, such as consular invoices, manifests, etc., that must be prepared when shipments are forwarded in connection with ocean carriers and the packing specifications are somewhat more fixed than for shipments transported via rail. These conditions, however, will be more fully dealt with in the

treatise devoted to water traffic and rates. This treatise will be devoted to an exposition of joint export and import rate structures, maintained by the carriers in the United States, which are subject to the Act To Regulate Commerce.

CHAPTER II

IMPORT RATES ON TRAFFIC ORIGINATING IN EUROPE

1. To Central Freight Association Territory

(a) Via New York, N. Y.

In the treatise on the construction of freight rates in Official Classification Territory, the percentage system of making rates between points in New England and Trunk Line territories on the one hand and points in Central Freight Association Territory on the other, will be fully explained. It will be found that, to a considerable extent, the import rates from European countries to Central Freight Association Territory are constructed in the same manner as are the domestic rates from New York. There are, however, many specific import rates to individual points that are constructed without regard to the general basis. The elements of competition via other routes compel this action. In connection with Central Freight Association Territory, St. Paul and Duluth rate territories should be considered at the same time, for the reason that the rates to these territories are constructed with relation to the Chicago rates.

In considering import rates to Central Freight Association Territory, it will be found, as a general rule, that the rates from New York are taken as the basis, and that the rates from the other ports, particularly the North Atlantic ports, are made with relation to the New York

rates. In certain cases, however, it may be found that the rail carriers from the Gulf ports have adopted a lower basis on traffic originating at some foreign countries, which influences to a great extent the rates on similar traffic from the North Atlantic ports. This is probably best exemplified by the movement of bananas into this country. The rates from Central American countries are considerably less to the Gulf ports of Mobile, New Orleans, and Galveston than to the North Atlantic ports, with the result that the business moves to a great extent via the Gulf routes. The effects of this are seen in the low rates established by the Trunk Line carriers from North Atlantic ports of entry to interior destinations in both Trunk Line and Central Freight Association territories, by which they seek to attract the traffic to their ports.

In order that the trunk lines may compete with the carriers serving the Gulf ports, it is necessary that the through rates from foreign countries to the ultimate destinations (which are the sum of the ocean rates and the inland rates) must not greatly exceed the rates applicable via another group of ports of entry. From this it may be seen that in many instances it is necessary to inquire as to the through rates from points of origin to ultimate destinations rather than to consider the differences existing in the rates charged on the inland portion of the haul.

(b) Class Rates

The class rates applicable upon import traffic from New York to points in Central Freight Association Territory are the same as those applying on domestic traffic,

which are shown in Table 17 of the treatise, "Freight Rates—Official Classification Territory and Eastern Canada."

(c) Commodity Rates

Table 1 shows the rates aplying from Boston to Chicago for representative commodities of which there is a large and continuous movement.

The rates in Table 1 are scaled to other points on the basis of the same percentages that are applicable on westbound domestic commodity rates from Boston to points in Central Freight Association Territory. The rates to an 80 per cent point on spiegel iron would be 80 per cent of the Chicago rate, which is $5.26, or $4.20; to an 84 per cent point, $4.42; and to an 87 per cent point, $4.58.

TABLE 1

IMPORT COMMODITY RATES IN CENTS PER 100 POUNDS (EXCEPT AS NOTED) VIA STANDARD ALL-RAIL LINES FROM BOSTON TO CHICAGO IN CARLOADS

Bagging, burlap	21	
Pyrites	400	per gross ton
Bleach	23.1	
Clay	17	
Fuller's earth	22	
Cotton seed oil	26.3	
Cocoanut oil	26.3	
China, Austrian, German, and Japanese, carloads	31.5	
Same, less than carloads	45.2	
Crockery and earthenware, less than carloads	34	
Hemp	27	
Magnesite	19	
Kainit	23.1	

TABLE 1—Continued

IMPORT COMMODITY RATES IN CENTS PER 100 POUNDS (EXCEPT AS NOTED) VIA STANDARD ALL-RAIL LINES FROM BOSTON TO CHICAGO IN CARLOADS

Licorice root	31.5	
Wood pulp	21	
Tin, pig	25.2	
Ferro manganese	484	per gross ton
Ferro silicon	498	per gross ton
Ore, crude iron	380	per gross ton
Spiegel iron	526	per gross ton

2. VIA ATLANTIC PORTS OTHER THAN NEW YORK

(a) Class Rates

As stated before, the rates from Atlantic ports other than New York are made, as a general rule, in relation to the rates from New York, although there are a number of exceptions. The following is the general basis for the construction of rates from such ports:

From Baltimore, Md., usually 3 cents per 100 pounds under New York rates.

From Boston, Mass., same rates as those from New York.

From Montreal, Can., same rates as those from Baltimore.

From Newport News, Va., same rates as those from Baltimore.

From Philadelphia, Pa., usually 2 cents per 100 pounds under New York rates.

From Quebec, P. Q., same rates as those from Montreal or Baltimore.

From St. Johns, N. B., same rates as those from Baltimore.

From West St. Johns, N. B., same rates as those from Baltimore.

From Portland, Me., same rates as those from Baltimore.

From Savannah, Ga., same rates as those from Newport News or Baltimore.

TABLE 2

Class Rates from Boston, Mass., to Percentage Groups in Central Freight Association Territory

From Boston, Mass., to Percentage Groups	Rates in Cents per 100 Pounds								
	Classes								
	1	2	3	4	5	6	25	26	28
Buffalo	41.3	35	29.5	20.1	16.9	13.8	29.8	23.6	23.4
60	47.3	41	31.5	22.1	18.9	15.8	34.9	25.2	25.4
67	52.8	45.8	35.2	24.7	21.1	17.6	38.9	28.2	28.4
70	55.2	47.8	36.8	25.8	22.1	18.4	40.6	29.4	29.7
71	55.9	48.5	37.3	26.1	22.4	18.7	41.2	29.8	30
74	58.3	50.5	38.9	27.2	23.3	19.5	42.9	31.1	31.3
76	59.9	51.9	39.9	28	23.9	20	44.1	31.9	32.2
76C	59.9	51.9	39.9	28	23.9	20	44.1	31.9	32.2
76D	59.9	51.9	39.9	28	23.9	20	44.1	31.9	32.2
78	61.5	53.3	41	28.7	24.6	20.5	45.3	32.8	33
78D	61.5	53.3	41	28.7	24.6	20.5	45.3	32.8	33
79	62.3	54	41.5	29.1	24.9	20.8	45.9	33.2	33.4
80	63	54.6	42	29.4	25.2	21	46.4	33.6	33.8
81	63.8	55.3	42.5	29.8	25.5	21.3	47	34	34.2
82	64.6	56	43.1	30.2	25.8	21.6	47.6	34.5	34.7
83	65.4	56.7	43.6	30.5	26.1	21.8	48.2	34.9	35.1
84	66.2	57.4	44.1	30.9	26.5	22.1	48.8	35.3	35.5
85	67	58.1	44.6	31.3	26.8	22.4	49.4	35.7	36
86	67.8	58.7	45.2	31.6	27.1	22.6	49.9	36.2	36.4
87	68.6	59.4	45.7	32	27.4	22.9	50.5	36.6	36.8
88	69.3	60.1	46.2	32.4	27.7	23.1	51.1	37	37.2
89	70.1	60.8	46.7	32.8	28	23.4	51.7	37.4	37.7
90	70.9	61.5	47.3	33.1	28.4	23.7	52.3	37.8	38.1
92	72.5	62.8	48.3	33.9	29	24.2	53.4	38.6	38.9
93	73.3	63.5	48.8	34.2	29.3	24.5	54	39	39.3
94	74.1	64.2	49.4	34.6	29.6	24.7	54.6	39.5	39.8
95	74.9	64.9	49.9	35	29.9	25	55.2	39.9	40.2
96	75.6	65.6	50.4	35.3	30.2	25.2	55.8	40.3	40.6
97	76.4	66.3	50.9	35.7	30.6	25.5	56.4	40.7	41
100	78.8	68.3	52.5	36.8	31.5	26.3	58.1	42	42.3
103	81.2	70.3	54.1	37.9	32.4	27.1	59.8	43.3	43.6
104	82	71	54.6	38.3	32.8	27.4	60.4	43.7	44
105	82.7	71.7	55.1	38.6	33.1	27.6	60.9	44.1	44.4
107	84.3	73.1	56.2	39.4	33.7	28.1	62.1	45	45.3
108	85.1	73.8	56.7	39.7	34	28.4	62.7	45.4	45.7
110	86.7	75.1	57.8	40.5	34.7	28.9	63.8	46.2	46.6
112	88.3	76.5	58.8	41.2	35.3	29.5	65	47	47.4
113	89	77.2	59.3	41.6	35.6	29.7	65.6	47.4	47.8
115	90.6	78.5	60.4	42.3	36.2	30.2	66.7	48.3	48.6
116	91.4	79.2	60.9	42.7	36.5	30.5	67.3	48.7	49.1
117	92.2	79.9	61.4	43.1	36.9	30.8	67.9	49.1	49.5
118	93	80.6	62	43.4	37.2	31	68.5	49.6	49.9
120	94.6	82	63	44.2	37.8	31.6	69.7	50.4	50.8
122	92.2	79.9	61.4	43.1	36.9	30.8	67.9	49.1	49.5
122	92.2	79.9	61.4	43.1	36.9	30.8	67.9	49.1	49.5

[1] Governed by the Official Classification.

Particular attention is directed to the fact that Portland, Me., St. Johns, N. B., West St. Johns, N. B., Quebec, P. Q., and Montreal, Can., are conceded differentials under the rates currently in effect from New York. The Baltimore basis is applied from these cities. This is done, in a great measure, to offset the terminal advantages possessed by the cities of New York and Boston and to enable these smaller port cities to obtain a share of the traffic, which they probably would not be able to do were the normal adjustment to be employed.

(*b*) *Commodity Rates*

The commodity rates established from Atlantic ports of entry are comparatively few as contrasted with the commodity rates established by carriers on domestic traffic, due to the fact that, as concerns volume, the great amount of tonnage involved, as applied to the majority of our imports, is inconsiderable as compared with the domestic movement of some commodities. The import commodity rates are usually confined to articles or commodities which are common to this country or which commercial necessity has imported to supplement the domestic product. Low rates are established on crude or raw materials, as the subsequent amount of the finished product or article is borne in mind in establishing rates.

In Table 3 are given some of the specific commodity rates applicable from Boston and grouped points of origin to specified Western destinations. These rates are not applied to all points, but only to those indicated in the heading of the table.

TABLE 3

IMPORT COMMODITY RATES FROM BOSTON, MASS., TO SPECIFIED WESTERN DESTINATIONS

Articles (Carloads except as noted)	Rates[2] in Cents per 100 Pounds From Boston, Mass., to						
	Niagara Falls, N. Y.	Pittsburgh, Pa.	East St. Louis, Ill. St. Louis, Mo.	Cheboygan, Mich.	Petoskey, Mich.	Cuyahoga Falls, Ohio	Erie, Pa.
Aloxite and Alundum, carload, minimum 30,000 lbs.	12	....	....	....	....	....	....
Billets and Blooms, carloads	..	276[1]	....	....	....	....	....
Burlaps, carloads	..	....	23.1	....	....	....	....
Emery, carloads	12	....	....	....	....	....	....
Hides, dry, carloads	..	....	....	36.8	38.6	....	....
Hides, green salted, carloads	..	....	....	31.5	33.1	....	....
Rags and waste paper	..	....	....	....	....	16.4	13.9
Tea sweepings in bales or bags, carload, minimum 30,000 lbs.	..	....	23.6	....	....	....	....

[1] Rates in cents per ton of 2,240 pounds.
[2] Governed by the Official Classification.

In Table 4 are given the import commodity rates applicable from Boston to Western destinations, which are applied generally throughout Central Freight Association Territory and are not restricted in their application, as are the rates shown in Table 3.

TABLE 4

Import Commodity Rates[3] from Boston, Mass., to Western Destinations

From Boston, Mass., to Western Destinations	Commodities						
	Spiegel Iron, C. L.	Pig Iron, C. L.	Flint C. L.	Talc, C. L.	Cocoanut Oil, C. L.	Pig Tin, C. L.	Rope, Wire, C. L.
	(Dollars)[1]	(Dollars)[1]	(Cents)[2]	(Cents)[2]	(Cents)[2]	(Cents)[2]	(Cents)[2]
Buffalo	....	....	....	....	13.8	....	....
60 to 60G inclusive	2.76	2.58	14.7	14.7	15.8	15.1	16.9
67	3.52	3.34	16.8	16.8	17.6	16.9	18.4
70	3.68	3.48	16.8	16.8	18.4	17.6	18.4
71	3.74	3.54	16.8	16.8	18.7	17.9	18.4
74	3.90	3.68	17.1	16.8	19.5	18.6	18.4
76	4.00	3.78	17.6	16.8	20	19.2	19.4
76D	4.10	3.88	18	16.8	20.5	19.7	19.4
78	4.10	3.88	18	16.8	20.5	19.7	19.4
78D	4.10	3.88	18	16.8	20.5	19.7	19.4
79	4.16	3.94	18.2	16.8	20.8	19.9	19.4
80	4.20	3.98	18.5	16.8	21	20.2	20.5
81	4.26	4.04	18.7	17	21.3	20.4	20.5
82	4.32	4.08	19.9	17.2	21.6	20.7	20.5
83	4.36	4.14	19.2	17.4	21.8	20.9	20.5
84	4.42	4.18	19.4	17.6	22.1	21.2	20.5
85	4.48	4.24	19.6	17.9	22.4	21.4	21.5
86	4.52	4.28	19.9	18.1	22.6	21.7	21.5
87 (1)	4.58	4.34	20.1	18.3	22.9	21.9	21.5
88	4.62	4.38	20.3	18.5	23.1	22.2	21.5
89	4.68	4.44	20.6	18.7	23.4	22.4	22.1
90	4.74	4.48	20.8	18.9	23.7	22.7	22.1
92	4.84	4.58	31.3	19.3	24.2	23.2	22.1
93	4.90	4.64	21.5	19.5	24.5	23.4	22.1
94	4.94	4.68	21.7	19.7	24.7	23.7	22.1
95	5.00	4.74	21.9	20	25	23.9	22.1
96	5.04	4.78	22.2	20.2	25.2	24.2	22.1
97	5.10	4.84	22.4	20.4	25.5	24.4	22.1
100	5.26	4.98	23.1	21	26.3	25.2	22.1
103	5.42	5.12	23.8	21.6	27.1	26	25.7
104	5.48	5.18	24	21.8	27.4	26.2	25.7
105	5.52	5.22	24.3	22.1	27.6	26.5	25.7
107	5.62	5.32	24.7	22.5	28.1	27	26.8
108	5.68	5.38	24.9	22.7	28.4	27.2	26.8
110	5.78	5.48	25.4	23.1	28.9	27.7	26.8
112	5.90	5.58	25.9	23.5	29.5	28.2	27.8
113	5.94	5.62	26.1	23.7	29.7	28.5	27.8
115	6.04	5.72	26.6	24.2	30.2	29	27.8
116	6.10	5.78	26.8	24.4	30.5	29.2	28.9
117	6.16	5.82	27	24.6	30.8	29.5	28.9
118	6.20	5.88	27.3	24.8	31	29.7	28.9
120	6.32	5.98	27.7	25.2	31.6	30.2	28.9
122	6.16	5.82	27	24.6	30.8	29.5	29.9
122 plus	6.16	5.82	27	24.6	30.8	29.5	28.9

[1] Per ton of 2,240 pounds [2] Per 100 pounds.
[3] Governed by the Official Classification.

3. Via Gulf Ports

(a) Class Rates

The rates via Gulf ports which are authorized to apply on traffic originating in Europe, Asia, Africa, Australia, New Zealand, and the Philippine Islands are made certain differentials under the New York standard all-rail rates. The differentials at this time are as follows, in cents per 100 pounds:

Classes	1	2	3	4	5	6
Differentials	18	18	12	8	6	6

Points in Illinois and Wisconsin and points on the Ohio and Mississippi rivers are grouped in somewhat the same fashion as for southbound local rates to New Orleans and interior Mississippi Valley points.

The through rates from New York to St. Paul Territory are the New York-Chicago rates plus the differentials shown below:

Classes	1	2	3	4	5	6
Rates from New York to Chicago	78.8	68.3	52.5	36.8	31.5	26.3
St. Paul differentials	40	34	26	18	16	13
Through rates from New York to St. Paul	118.8	102.3	78.5	54.8	47.5	39.3

Observing the Mississippi River combination, as well as the domestic rate, as the maximum, rates from other ports, both Atlantic and Gulf, are made on the same basis as that to Chicago explained above.

The current class rates to some of the more important groups are set forth in Table 5.

These rates are the differentials previously stated under the current all-rail rates.

TABLE 5

CLASS RATES FROM SHIPSIDE GULF PORTS TO NORTHERN DESTINATIONS

GROUP NUMBERS	FROM SHIPSIDE GULF PORTS TO GROUPS	RATES IN CENTS PER 100 POUNDS					
		Classes[1]					
		1	2	3	4	5	6
1	Cincinnati	50.6	41.4	33.7	24	21.4	16.9
2	Indianapolis	55.3	45.5	36.8	26.2	23.3	18.5
3	Louisville, Chicago, Milwaukee	60.8	50.3	40.5	28.8	25.5	20.3
4	Evansville	68.7	57.1	45.8	32.5	28.7	22.9
5	Peoria						
6	St. Louis	74.2	61.9	49.4	35.1	30.9	24.8
7	Freeport						
8	Dubuque	74.2	61.9	49.4	35.1	30.9	24.8
9	St. Paul	100.8	84.3	66.5	46.8	41.5	33.3

[1] Governed by the Official Classification.

(b) Commodity Rates

In Table 6 is given a representative line of commodities imported through Gulf ports and the rates applicable thereon to certain defined territories or groups.

TABLE 6

COMMODITY RATES IN CENTS PER 100 POUNDS (EXCEPT AS NOTED) APPLICABLE FROM SHIPSIDE GULF PORTS TO NORTHERN DESTINATIONS

COMMODITIES	RATES[1] IN CENTS PER 100 POUNDS EXCEPT AS NOTED								
	FROM SHIPSIDE GULF PORTS TO NORTHETN DESTINATIONS IN GROUPS[2]								
	1	2	3	4	5	6	7	3	9
Potash, muriate and sulphate of	14.1	15.5	17.1	19.4	19.4	20	21	21	30.1
Rice, brewers'	16.1	16.1	16.1	18.3	18.3	20	21	21	29.1
Wood pulp	12.3	13.5	15	17.1	17.1	18.6	18.6	18.6	26
Rags, old rope, hemp waste, etc.	13.2	14.6	16.1	18.3	18.3	18	20	22	30.6
Cement	12.3	13.5	15	17.1	17.1	17	18.6	18.6	..
Ferro manganese	302[3]	330	364	412	412	446	446	446	684
Ferro phosphorus	338[3]	370	406	458	458	496	496	496	726
Fuller's earth	13	14	16	18	18	19	20	20	29
Cocoanut oil	16.9	18.5	20.3	22.9	22.9	24.8	24.8	24.8	36.8

[1] Governed by the Official Classification.
[2] See Table 5.
[3] Per gross ton, 2,240 pounds

In connection with the application of differential rates, the following rules obtain in establishing rates on commodities via Gulf ports: (1) On commodities taking less than the sixth-class rate, the sixth-class differentials apply; and (2) on commodities taking the sixth-class rate or a higher rate, the differential applying to the class nearest said commodity rate applies, except where the commodity rate is exactly intermediate between two class rates, in which event the lower differential applies.

Thus, for example, should a commodity rate be established on a basis of 60.4 cents from New York to Chicago, the third-class differential would be applied, as the commodity rate on a basis of 60.4 cents is exactly between the second-class and the third-class rates. If, on the other hand, a commodity rate were established on a basis of 75 cents, the first-class differential would be deducted, as that is the class which the commodity rate most nearly approximates. On the other hand, if a commodity rate were established between New York and Chicago which was the same as the class rate, the differential for that class would be deducted in order to establish the corresponding rates via Gulf ports.

CHAPTER III

IMPORT CLASS RATES TO POINTS WEST OF THE MISSISSIPPI RIVER

1. Missouri River Territory

This territory may be defined as the territory on and adjacent to the Missouri River from Kansas City, Kan., to Sioux Falls, S. D., inclusive. The rate structure in general adheres closely to that employed in establishing domestic rates, which was explained in the treatise devoted to the construction of freight rates in Western Territory.

(a) Class Rates from New York, N. Y.

The rates from New York are arbitrarily established, that is, the general basis, which would be a combination on Chicago or the Mississippi River, is disregarded and rates are established without reference thereto. This is necessary, as there is such a difference between the rates from New York and from the Gulf ports that unless the Gulf rates were equalized in a measure by the trunk lines the traffic would be forced via these ports.

Employing the all-rail combination of rates, the through rates from New York to Missouri River points are as follows:

Classes	1	2	3	4	5
Rates from New York to St. Louis	92.2	79.9	61.4	43.1	36.9
Rates from St. Louis to Kansas City	55	41	32	24	20
Through rates	147.2	120.9	93.4	67.1	56.9

This is the lowest domestic basis.

On the other hand, the through rates from the Gulf ports, made by combining the import rates to St. Louis, Mo., with the domestic proportional rates therefrom, are as follows:

Classes	1	2	3	4	5
Rates from Gulf ports to St. Louis	74.2	61.9	49.4	35.1	30.9
Rates from St. Louis to Kansas City	55	41	32	24	20
Through rates	129.2	102.9	81.4	59.1	50.9

The domestic rates from New Orleans, La., to Kansas City, Mo., are as follows:

Classes	1	2	3	4	5
Rates	110	85	65	53	38

As the import rates are in no case to exceed the domestic rates, the domestic rates from New Orleans, La., are applied on import traffic through the Gulf ports.

The rates from New York are made by adding the following differentials to the rates so established from the Gulf ports:

Classes	1	2	3	4	5	A	B	C	D	E
Differentials	18	18	12	8	6	6	6	6	6	6

The rates currently in effect from New York, N. Y., to the various Missouri River groups are shown in Table 7.

These rates are the differentials stated above over the rates from New Orleans shown in Table 9 to the same groups.

TABLE 7

CLASS RATES FROM NEW YORK, N. Y., TO MISSOURI RIVER GROUPS VIA ALL-RAIL ROUTES

GROUP NUMBERS	FROM NEW YORK, N. Y., TO	RATES IN CENTS PER 100 POUNDS									
		Classes[1]									
		1	2	3	4	5	A	B	C	D	E
I	Atchison, Kan..... Kansas City, Mo.... Kansas City, Kan... Leavenworth, Kan.. St. Joseph, Mo.....	128	103	77	61	44	48	43	33	30	29
II	Council Bluffs, Iowa. Nebraska City, Neb. Omaha, Neb..... South Omaha, Neb..	133	108	81	65	47	51	46	36	33	32
III	Sioux City, Iowa....	138	113	85	68	49	53	48	38	35	34
IV	Sioux Falls, S. D...	143	118	89	69½	51	55	50	40	37	36
V	Fremont, Neb..... Lincoln, Neb.....	138	113	85	69	50	54	49	39	36	35

[1] Governed by the Western Classification.

(b) Commodity Rates from New York, N. Y.

The commodity rates applicable from New York to the corresponding groups of destination shown in Table 7 are reproduced in Table 8.

The competition for import traffic is exceedingly aggressive, with the result that these rates frequently change. The rates reproduced in this treatise are for the purpose of conveying some idea as to the general adjustment and are not intended for use in actual business.

TABLE 8

COMMODITY RATES FROM NEW YORK, N. Y., TO MISSOURI RIVER GROUPS VIA ALL-RAIL ROUTES

Commodities in Carloads Except as Noted	Rates[1] in Cents per 100 Pounds Except as Noted				
	From New York to Groups[2]				
	I	II	III	IV	V
Bagging, burlap	34	34	34	38	37
Bagging, burlap, L. C. L.	62	66	70	74	70
Cement	22½	25½	25½	27½	28½
Clay	32	32	32	32½	35
Fuller's earth	27	30	32	33	33
Ferro manganese	780[3]	908	908	930	968
Ferro phosphorous	970[3]	1033	1033	1055	1093
Ferro silicon	...	1004	1004	1026	1064
Cocoanut oil	39	39	...	...	43
Ore, crude iron, in bulk	658	713	713	735	773
Rags	33	36	37	37½	39
Seed, flax	43	43	43	48	46
Zinc, oxide, dry, in bbls.	43	43	43	44	46

[1] Governed by the Western Classification.
[2] See Table 7.
[3] Per gross ton of 2,240 pounds.

(c) Class Rates from Gulf Ports

The class rates currently in effect from the Gulf ports to Missouri River groups are as shown in Table 9.

These rates are, as has been previously stated, the local rates applying from New Orleans, La., to Missouri River Territory and are extended in their application to apply from other Gulf ports.

This adjustment of rates places the various Gulf ports on a parity, and the various ports to a large extent may be employed with equal advantage.

TABLE 9

Class Rates Applying from New Orleans, La., to Missouri River Groups

Group Numbers	From New Orleans to Groups	Rates in Cents per 100 Pounds									
		Classes [1]									
		1	2	3	4	5	A	B	C	D	E
I	Kansas City	110	85	65	53	38	42	37	27	24	23
II	Omaha	115	90	69	57	41	45	40	30	27	26
III	Sioux City	120	95	73	60	43	47	42	32	29	28
IV	Sioux Falls	125	100	77	61½	45	49	44	34	31	30
V	Cedar Rapids	[2]	[2]	[2]	[2]	41	45	40	30	27	26
VI	Lincoln	120	95	73	61	44	48	43	33	30	29

[1] Governed by the Western Classification.

[2] The class rates applicable to East St. Louis, Ill., are: First class, 74.2 cents; second class, 61.9 cents; third class, 49.4 cents; and fourth class, 35.1 cents. These rates, in connection with the proportional rates established therefrom (see Part 1 of Freight Rates—Western Territory), apply as proportional rates to the Mississippi River Crossings in the construction of through rates.

TABLE 10

Commodity Rates from New Orleans, La., to Missouri River Groups

Commodities in Carloads Except as Noted	Rates [1] in Cents per 100 Pounds Except as Noted					
	From New Orleans to Groups [2]					
	I	II	III	IV	V	VI
Cocoanut oil	33	33	45	..	..	37
Bags, burlap	28	31	32	33	..	34
Bags, burlap, L. C. L.	50	54	58	62	..	58
Cement	16½	19½	19½	21½	20	22½
Clay	23	26	26	26½	..	29
Fuller's earth	21	24	26	27	27½	27
Ferro manganese	702 [3]	854	854	876	..	914
Ferro phosphorous	851 [3]	918	944	966	..	978
Ferro silicon	... [3]	910	910	932	..	970
Ore, crude iron	538 [3]	605	617	616	..	653
Rags	27	30	31	31½	..	33
Seed, flax	37	37	37	38	..	40
Zinc, oxide	38.6	38.6	38.6	39.6	..	41.6

[1] Governed by the Western Classification.

[2] See Table 9.

[3] Per gross ton, 2,240 pounds.

(d) Commodity Rates from Gulf Ports

The commodity adjustment follows very closely the one employed in connection with the class rates, that is, the local rates from New Orleans are applied from other Gulf ports. There are, however, many commodity rates established which are less than the local rates and are made to equalize the competition via North Atlantic ports. A representative list of these commodity rates is shown in Table 10.

It may be noted, in passing, that these rates are almost uniformly six cents per 100 pounds less than the rates shown applying from New York, N. Y., in Table 8.

TABLE 11

CLASS RATES TO OKLAHOMA POINTS FROM SHIPSIDE GULF PORTS

From Shipside Gulf Ports to	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
Ardmore	95	86	72	68	52	56	49	38	27	20
Ada	121	106	90	82	64	69	60	48	37	30
Chickasaw	121	106	90	82	64	69	60	48	37	30
El Reno	133	115	98	89	70	75	65	53	42	35
Aenead	140	122	105	96	75	80	71	58	47	39
Guthrie	133	115	98	89	70	75	65	53	42	35
Kingfisher	153	115	98	89	70	75	65	53	42	35
Lawson	121	106	90	82	64	69	60	48	37	30
McAlester	121	106	90	82	64	69	60	48	37	30
Muskogee	124	109	94	89	70	73	65	53	42	35
Oklahoma City	133	115	98	89	70	75	65	53	42	35
Perry	140	122	105	96	75	80	71	58	47	39
Shawnee	133	115	98	89	70	75	65	53	42	35

[1] Governed by the Western Classification.

(e) Class Rates to Oklahoma Stations from Gulf Ports

It might be inferred that from Galveston, Tex., at least, the Missouri River rate structure would form a barrier which would have some effect on the rates from that point to intermediate points. That it does not, is evident by a line of class rates to a few stations in Oklahoma which are intermediate in a measure to the Kansas City Group of stations, and from Table 11 it may be observed that the rates to the majority of these points are greatly in excess of the rates to the Missouri River points.

(f) Commodity Rates to Oklahoma Points from Shipside Gulf Ports

A general line of commodity rates is not established to all Oklahoma stations, rates being published on only such commodities as actually move or are consumed at interior points in the state of Oklahoma.

(g) Rates to Points in Arkansas and Louisiana

A few import rates are published from Shipside Gulf ports to points of destination in the states of Arkansas and Louisiana. No general basis, however, is employed in establishing such rates, for the application of the local rate from the Gulf port of entry is applied as the import rate and is usually low enough to secure the traffic for the Gulf lines. These points, by virtue of their location, obtain reasonably low rates from Gulf ports, establishing a competition that the trunk lines cannot meet.

(h) Import Rates to Southeastern Territory

Import rates are published to what is generally known as Southeastern Territory from Gulf ports on the one hand and from South Atlantic Seaboard ports on the other. This Southeastern Territory is located south of the Ohio River and east of the Mississippi River.[1]

Rates from South Atlantic Seaboard ports are published from such ports as Savannah and Port Royal, but no general basis is employed in constructing such import rates. In fact, there are only a few scattering import commodity rates published, these rates being on such articles as fertilizer material, ferro manganese, manganese ore, etc., and these import rates are made according to the rates from other ports to other points of consumption. Of course, the fact is taken into consideration that the time required on the water is less than the time required to the Gulf ports; also the rate of insurance is lower than to the Gulf ports.

Import rates to Southeastern Territory are published from the Gulf on the basis of the lowest domestic rate from one port plus the handling charge. This rate is applied from all the Gulf ports, New Orleans, La., and east, there being no import rates published from Texas ports of entry to Southeastern Territory. A few import commodity rates are published, however, from Shipside New Orleans and Westwego, La., and Galveston and Texas City, Tex., to Memphis, Tenn. These rates are made in relation to the commodity in question, or they are the domestic rates from one port applied as import rates from all ports mentioned above.

[1] This territory is shown on Map 15 of the Atlas of Traffic Maps.

In the absence of import rates from the ports of entry, the regular domestic rates from such ports are applied as the import rates to points of destination. These rates are subject to the rules and regulations published by the individual lines in the Terminal Circulars governing the importation of articles from the port in question.

(i) Rates to Utah and Colorado Common Points

The grouping of the territory to which the rates to Colorado Common Points and Utah Common Points are extended is practically the same as that used in the establishment of domestic rates. The Colorado Common Points comprise stations north and south of Denver, as far north as Cheyenne, Wyo., and as far south as Royce, N. M., embracing stations on and adjacent to this line, while the Utah Common Points take in stations located near Salt Lake City and Ogden, Utah.

Rates From Eastern Seaboard Cities.—The rates from New York and other North Atlantic ports are made on the Chicago, the Mississippi River, or the Missouri River combination, whichever produces the lowest rate, using the import rate from New York to Chicago, to the Mississippi River, or to the Missouri River, as the case may be, plus the local or proportional rate beyond. As there are no import class rates established that are less than the domestic rates to either Chicago or the Mississippi River, the lowest available combination would be that made on the Missouri River. Taking New York, N. Y., as a point of origin and adding to the import rates to Kansas City, which rates are shown in Table 7, the rates from the Missouri River to the Colorado Common Points or the Utah Common Points, a scale of rates somewhat

less than those currently in effect on domestic traffic is obtained. For example, the through rates from New York to the Colorado Common Points are as follows, using the Missouri River combination:

Classes	1	2	3	4	5	A	B	C	D	E
Rates from New York to Missouri River	128	103	77	61	44	48	43	33	30	29
Rates from Missouri River to Colorado Common Points	115	92	74	60	47	56	42	37	33	29
Through rates	243	195	151	121	91	104	85	70	63	58

This basis is somewhat less than the basis for the domestic rates, for, in the case of the domestic rates, the lowest available combination from New York via all-rail routes is made on the Mississippi River. The first-class rate of 92.2 cents from New York to the Mississippi River plus the first-class rate from the Mississippi River to the Colorado Common Points makes a through rate of $2.542 as contrasted with $2.43 in the above illustration.

For example, the through rates from New York to Colorado Common Points are as follows, using the Mississippi River combination.

Classes	1	2	3	4	5	A	B	C	D	E
Rates from New York to Mississippi River	92.2	79.9	61.4	43.1	36.9	36.9	30.8	30.8	30.8	30.8
Rates from Mississippi River to Colorado Common Points	162	129	101	80½	63	74	56	50	42	36
Through rates	254.2	208.9	162.4	123.6	99.9	110.9	86.8	80.8	72.8	66.8

It may be observed that some of these rates are the same as the domestic rates.

The rates to the Utah Common Points are established by using the import class rates to the Missouri River plus the local rates therefrom.

Classes	1	2	3	4	5	A	B	C	D	E
Rates from New York to Missouri River	128	103	77	61	44	48	43	33	30	29
Rates from Missouri River to Salt Lake City	200	170	150	126	100	105	80	70	50	42
Through rates	328	273	227	187	144	153	123	103	80	71

These rates are somewhat less than the rates that obtain under the domestic-rate adjustment.

Rates from Gulf Ports.—The Gulf ports have such an advantage over the North Atlantic ports, by virtue of their close proximity to these territories, that it might be inferred that the import rates would not differ materially from those in effect on domestic traffic. Such, however, is not the case. In Table 12 are set forth the class rates applicable from Shipside Gulf ports to Denver, Colo., and Salt Lake City, Utah, and in Table 13 is set forth a representative list of commodities.

TABLE 12

Class Rates Applicable from Shipside Gulf Ports to Denver, Colo., and Salt Lake City, Utah

From Shipside Gulf Ports to	Rates in Cents per 100 Pounds									
	Classes [1]									
	1	2	3	4	5	A	B	C	D	E
Denver, Colo., and Group	180	148	110	84	65	81	62	52	43.5	36
Salt Lake City, Utah, and Group	288	243	203	166	132	137	110	92	64.5	55

[1] Governed by Western Classification.

TABLE 13

Commodity Rates Applicable from Shipside Gulf Ports to Denver, Colo., and Salt Lake City, Utah

Commodities [1]	Rates [2] in Cents per 100 Pounds Except as Noted	
	From Shipside Gulf Ports to	
	Denver, Colo., and Group	Salt Lake City, Utah, and Group
Bagging and bags, burlap, gunny, or jute, C. L. minimum weight 30,000 lbs.	55	.....
Bags, burlap, gunny, or jute, also burlaps, C. L. minimum weight 30,000 lbs.	.....	115
Cement, common, natural, hydraulic, or portland, C. L. minimum weight 40,000 lbs.	30	.....
Clay, C. L. minimum weight 50,000 lbs.	30	.....
Ore, iron, C. L. minimum weight 56,000 lbs.	861 [3]	.....
Rice, brewers', C. L. minimum weight 30,000 lbs.	33	68 [4]
Tin plate, C. L. minimum weight 36,000 lbs.	565	91

[1] Commodities embraced in the same item may be shipped in mixed carloads, unless otherwise specified.

[2] Governed by Western Classification.

[3] Per gross ton, 2,240 pounds.

[4] Minimum weight 40,000 pounds.

(j) Rates to Pacific Coast Terminals

While there are no import class rates applicable on traffic from Eastern ports of entry to Pacific Coast Terminal Points, there are commodity rates applying from New Orleans, La., Galveston, Port Voliver, and Texas City, Tex., applicable upon all traffic originating in foreign countries. These rates are generally constructed on a basis 10 per cent under the rates from New York in order to influence import traffic destined to California to move through the Gulf ports, as it is generally conceded that superior steamship service is to be had to the North Atlantic ports of entry. Further than this, there is quite a movement of traffic from Europe destined to California Terminals and adjacent territory which moves by way of the Suez Canal. This latter route, while affording a much slower movement, offers rates which are, to some extent, lower than those that obtain in connection with the Trans-Continental railroads of this country.

Table 14 illustrates some of the existing rates applicable upon specified commodities from Gulf ports to California Terminals.

These rates are usually confined to manufactures or articles of food, very few rates being named throughout the tariff on crude materials or articles, for the reason that these commodities when imported to Pacific Coast destinations usually move via all-water routes.

TABLE 14

PROPORTIONAL COMMODITY RATES APPLICABLE FROM SHIPSIDE, NEW ORLEANS, LA., AND GALVESTON AND TEXAS CITY, TEX., TO CALIFORNIA TERMINALS

COMMODITIES	CARLOADS	LESS THAN CARLOADS
Bagging, burlap	76	112
Canned goods	85	135
Earthenware, stoneware, and crockery	85	135
Fuller's earth	50	135
Iron and steel articles, cast iron pipe	58	.....
Tea	112	171
Varnish in barrels or in cans	85	117

A similar line of rates is established to North Pacific Coast points, but to intermediate points rates are constructed in much the same manner as are the domestic rates. The method that has been employed up to the time the Interstate Commerce Commission announced its decision in the Intermountain Rate Cases was to apply the rate to the Terminal plus the local domestic rate back to destination. However, as the Commission has condemned this practice, the proportional import commodity rates will have to be adjusted in conformity with their order respecting the construction of rates on domestic traffic.

CHAPTER IV

IMPORT RATES FROM OTHER THAN EUROPEAN COUNTRIES

The foregoing chapters having been devoted to an exposition of the general basis for the construction of import rates from European countries, the basis for rates applicable from countries other than these will now be taken up.

1. Via Atlantic Seaboard Ports

The import rates from the Atlantic Seaboard on business originating in South and Central America, the West Indies Islands, and the Maritime Provinces of the Dominion of Canada are the same, in general, as on business originating in Europe, although in several instances a lower basis of rates sometimes obtains. The carriers' practice of making a different rate for export or import traffic, depending on the points of origin or destination, has not been condemned by the Interstate Commerce Commission.

Generally speaking, the import rates from the Atlantic Seaboard Ports are the same, regardless of the country in which the shipment originates. This, however, is not true in so far as the Gulf ports are concerned.

2. Via Gulf Ports

Import rates are published to cover shipments originating in other countries from all Gulf ports. These rates

are the lowest available domestic or local rates from one Gulf port to a point of destination, which rates are applied from all other Gulf ports as an import rate. For example, if the rate from Galveston, Tex., to an interior destination on a given commodity is 35 cents per hundredweight, from New Orleans, La., 25 cents per hundredweight, and from Mobile, Ala., 47 cents per hundredweight, the New Orleans rate is applied from Galveston and Mobile. This places all the Gulf ports on an equal footing in so far as the traffic is concerned.

The same basis is applied to the Missouri River and to Western Territory as is applied to the Mississippi River, Chicago, and points in Central Freight Association Territory, except that interested carriers have, in some instances, used the New York or Baltimore rates as a maximum to Central Freight Association Territory. This basis does not extend to the Missouri River because the rates from the Atlantic Seaboard to the Missouri River are based upon the Mississippi River combination. The same basis is employed in constructing the rates from the Gulf to the Missouri River, that is, the rate from the Gulf to the Mississippi River plus the local or the proportional rate, whichever is lower, from the Mississippi River to the Missouri River, would be the through import rate from the Gulf. This feature, however, was explained in the Missouri River rate adjustment.

3. Mexican Import Traffic

There are through all-rail import rates published from points in Mexico to points in the United States, on the principal commodities that are exported by Mexico. These through rates are constructed on combinations of the rates to and from Rio Grande Crossings or International Border Points plus the local rates therefrom.

The Rio Grande Crossings are Brownsville, Laredo, Eagle Pass, and El Paso, Tex., while the International Border Points are Douglas, Naco, and Nogales, Ariz.

(a) Local Rates

The local rates of the Mexican lines are established in Mexican currency per 1,000 kilos and apply only to the Rio Grande Crossings or International Border Points.

In constructing combination rates, it is necessary to convert the Mexican rate per 1,000 kilos into United States currency per 100 pounds, and this requires that the rate of exchange be ascertained from some banking or financial organization. The term "rate of exchange" is employed to indicate rates employed in converting the money of one country into its equivalent in the money of another.

In so far as Mexico is concerned, the rate of exchange is in favor of the United States, because a debt of $500 in Mexican currency can be liquidated with less than half of that amount in United States bullion; or, in other words, a Mexican dollar is worth less than fifty cents when taken in exchange for United States currency.

The current rate of exchange from Mexican currency into United States currency is in the neighborhood of 400, this figure fluctuating to some extent.

In Table 15 is given a range in the rate of exchange from 190 to 225, inclusive, this table indicating the decimals to be used in converting Mexican rates in dollars and cents per 100 kilos into dollars and cents per 100 pounds United States currency. The figures shown in this table may be used to convert Mexican money per 1,000 kilos into United States money per 100 pounds, and vice versa.

TABLE 15

Equivalents of American and Mexican Money

To Reduce United States Money per 100 Lbs., Multiply Rate by	When Rate of Exchange is	To Reduce Mexican Money per 1,000 Kilos, Multiply Rate by
41.89	190	.02387
42.11	191	.02375
42.33	192	.02363
42.55	193	.02350
42.77	194	.02338
42.99	195	.02326
43.21	196	.02314
43.43	197	.02303
43.65	198	.02291
43.87	199	.02279
44.09	200	.02268
44.31	201	.02257
44.53	202	.02246
44.75	203	.02234
44.97	204	.02224
45.19	205	.02213
45.41	206	.02202
45.64	207	.02191
45.86	208	.02181
46.08	209	.02170
46.30	210	.02160
46.52	211	.02150
46.74	212	.02140
46.96	213	.02130
47.18	214	.02120
47.40	215	.02110
47.62	216	.02100
47.84	217	.02091
48.06	218	.02081
48.28	219	.02071
48.50	220	.02062
48.72	221	.02052
48.94	222	.02043
49.16	223	.02034
49.38	224	.02025
49.60	225	.02016

To convert kilos to pounds multiply kilos by 2.2046.

To convert pounds to kilos multiply pounds by .4536.

Fractions of $\frac{1}{2}$ and over are considered as a whole; fractions under $\frac{1}{2}$ are dropped.

In quite a few tariffs containing Mexican rates, tables are incorporated giving decimals to be used in connection with rates of exchange ranging from 1 to 600.

The metric ton is equivalent to 1000 kilograms, or 2,204.6 lbs. Under normal conditions the current rate of exchange is 200 per cent; that is, $2 Mexican currency equals $1 United States currency. Under this rate of exchange 45.36 per cent of any given rate in Mexican currency per metric ton is equivalent to the rate in United States currency per ton of 2000 lbs. Stated in other words, for the purpose of converting the rates to United States currency, per ton of 2000 lbs, multiply the Mexican rate by the decimal 45.36, retaining in the product the nearest tenth of a cent. For example, 243.74 cents would be 243.7 and 782.15 cents would be 782.2. In computing freight charges fractions of less than 10 kilograms will be regarded as 10 kilograms. Example: 241 or 249 kilograms would be treated as 250 kilograms.

To illustrate the application of Table 15, the current class rates on the Sonora Railroad from Nogales, Ariz., to Hermosillo, in the state of Sonora, Mex., in Mexican dollars and cents per 1,000 kilos, are:

Classes.	1	2	3	4	5	6	7	8	9	10	11	12
Rates...	20.08	18.17	17.41	16.46	15.5	14.56	13.80	13.21	12.45	11.69	11.12	10.08

These rates are governed by the Mexican Classification. If, for example, the rate of exchange between these countries is 400 the multiplicand would be .01134. To reduce the above scale, which is in Mexican dollars and cents per 1,000 kilos, to United States money in cents per 100 pounds, multiply each of the above rates by this figure. The following scale is obtained:

Classes	1	2	3	4	5	6	7	8	9	10	11	12
Rates	23	21	20	19	18	17	16	15	14	13	13	12

These rates plus the rates to Nogales, Ariz., form the through rates from any point in the United States to Hermosillo, Mex.

As 2,204.6 pounds is the equivalent of 1,000 kilos, multiplying this figure by 23 cents shows that the charge would be $5.07 in United States currency for this weight as contrasted with $20.08 in Mexican currency for the same weight.

In addition to rates of transportation as applied to tariffs naming rates from border points, such as Brownsville, Laredo, Eagle Pass, El Paso, Douglas, Waco, Nogaletas, certain arbitrary amounts are added to the charge, this arbitrary representing bridge toll and transfer expenses. Certain minima are to be observed in connection with these charges and, as they vary, no general rule may be set forth. This point is brought to the reader's attention in order that when using such publications the item covering this feature may be consulted.

Export manifests must accompany shipments destined to points in Mexico in order that the shipment may be properly cleared at the border crossings, and arrangements must be made for the collection of customs by the Mexican authorities. The regulations and forms prescribed will be found in the export and import rule circulars of the various carriers.

(b) Rail-and-Water Rates

For a number of years several established lines of

steamers have served the North Atlantic and Gulf ports on traffic originating at or destined to Mexico. The business was handled through the ports of Vera Cruz and Tampico. The rates between the ports, for example, between Galveston and Tampico or between New York and Vera Cruz, being all-water rates, they are not filed with the Interstate Commerce Commission and fluctuate to some extent. No joint through rates are established from Atlantic Seaboard Territory, the rates being made on a combination of the rates to and from the port. The rate so produced is sufficiently lower than the all-rail rates to influence the traffic via this route.

Interior points in Mexico are reached in the same manner, that is, by using the local rates from the port of entry or transshipment to or from the interior points.

The same procedure is followed with regard to traffic imported through the Gulf ports, a combination of the local rates to and from the ports with the rates of the water lines being employed in establishing through rates.

4. Import Rates via Pacific Coast Ports of Entry

The bulk of the imports through Pacific Coast ports of entry are confined to traffic originating in the Orient, Australia, and the Hawaiian Islands, although frequently shipments are received from Europe, particularly from the Mediterranean countries, these shipments being forwarded by way of the Suez Canal.

(a) Grouping of Interior Destinations

The eastern part of the United States is grouped in identically the same manner as for the construction of domestic rates, the various groups being outlined, in general, on Map 14 of the Atlas of Traffic Maps. When an import commodity rate is established it is usually blanketed or applied to all these groups.

(b) Class Rates

The class rates currently in effect from North Pacific and California terminals to Eastern groups of destination are shown in Table 16. These rates apply only on shipments for which no commodity rate is provided.

These rates, as may be observed, are the same as the domestic rates, with the exception that from some points in British Columbia they afford a slightly lower basis. This is also true in so far as some of the coast cities in California are concerned. When import rates are established on import traffic they are usually applied from all ports of entry.

(c) Application of Rates

The extent of the application of Trans-Continental rates on traffic imported thru Pacific coast ports is defined below, the current rules in the Trans-Continental Freight Association's Tariff with respect to this traffic being set forth.

TABLE 16

Class Rates Currently in Effect from North Pacific and California Terminals to Eastern Groups of Destination

From Vancouver, Victoria, B. C., Seattle, Tacoma, Wash., Albina, East Portland, Portland, Ore., to Groups [1]	Rates in Cents per 100 Pounds									
	Classes [2]									
	1	2	3	4	5	A	B	C	D	E
A.....	370	320	265	225	190	192	152	120	115	105
B.....	360	310	260	220	185	187	148	117	112	100
C.....	350	303	252	215	180	182	145	115	110	98
D.....	340	295	245	207	175	177	140	110	105	95
E.....	330	285	238	200	168	172	135	105	102	92
F.....	300	260	220	183	160	160	123	95	93	85
G.....	300	260	220	183	160	160	123	95	93	85
H.....	300	260	220	183	160	160	123	95	93	85
J.....	260	225	190	160	140	140	107	83	80	73

From East San Pedro, Oakland, Redondo Beach, San Diego, San Francisco, San Pedro, Cal., to Groups [1]	Rates in Cents per 100 Pounds									
	Classes [2]									
	1	2	3	4	5	A	B	C	D	E
A.....	370	320	265	225	190	192	152	120	115	105
B.....	360	310	260	220	185	187	148	117	112	100
C.....	350	303	252	215	180	182	145	115	110	98
D.....	340	295	245	207	175	177	140	110	105	95
E.....	330	285	238	200	168	172	135	105	102	92
F.....	300	260	220	183	160	160	123	95	93	85
G.....	280	242	205	170	150	150	115	90	87	78
H.....	280	242	205	170	150	150	115	90	87	78
J.....	260	225	190	160	140	140	107	83	80	73

[1] See Map 14, Atlas of Traffic Maps.
[2] Governed by the Western Classification.

APPLICATION OF RATES

VIA CALIFORNIA TERMINALS

RATES ON IMPORT TRAFFIC VIA PACIFIC COAST PORTS

(A) In the absence of import rates from San Francisco, San Pedro, San Diego, Redondo Beach, and East San Pedro, Cal., shipments originating at points in Asia, Philippine Islands, Australia, New Zealand, Fiji Islands, or beyond, are subject to rates from San Francisco, Cal.

(B) Rates as authorized in paragraph (A) apply from shipside at wharves at San Francisco, San Pedro, San Diego, Redondo Beach, and East San Pedro, Cal., served by the tracks of the initial rail carriers, parties hereto, as well as from the stations of said initial rail carriers at San Francisco, San Pedro, San Diego, Redondo Beach, and East San Pedro, Cal.

(C) The rates authorized in paragraphs (A) and (B) are applied only when satisfactory proof is furnished initial rail carrier, party hereto, that shipments originated at points in Asia, Philippine Islands, Australia, New Zealand, Fiji Islands, or beyond.

RATES APPLYING ON TRAFFIC ORIGINATING AT POINTS IN HAWAIIAN ISLANDS

(A) On traffic originating at points in the Hawaiian Islands and destined to points in the United States and Canada, when consigned through the port of San Pedro, San Diego, Redondo Beach, or East San Pedro, Cal., the rates authorized to apply from San Francisco, Cal., also apply from shipside at the wharves at San Pedro, San Diego, Redondo Beach, or East San Pedro, Cal., served by the tracks of the Atchison, Topeka & Santa Fe Railway (Coast Lines), San Pedro, Los Angeles & Salt Lake Railroad and Southern Pacific Company, respectively.

(B) The rates authorized in paragraph (A) are applied only when satisfactory proof is furnished initial rail carrier, party hereto, that shipments originated at Hawaiian Islands.

RATES APPLYING ON TRAFFIC ORIGINATING AT POINTS IN MEXICO, CENTRAL AMERICA, OR SOUTH AMERICA

(A) On traffic originating at points in Mexico, Central America, or South America, and destined to points in the United States or Canada, when consigned through the port of East San Pedro, San Pedro, San Diego, or Redondo Beach, Cal., the rates authorized from San Francisco, Cal., also apply from shipside at the wharves at East San Pedro, San Pedro, San Diego, or Redondo Beach, Cal., served by the tracks of the Atchison, Topeka & Santa Fe Railway (Coast Lines), San Pedro, Los Angeles & Salt Lake Railroad and Southern Pacific Company, respectively.

(B) The rates authorized in paragraph (A) are applied only when satisfactory proof is furnished initial carrier, party hereto, that shipments originated in Mexico, Central America, or South America.

VIA NORTH PACIFIC COAST TERMINALS

RATES ON TRAFFIC ORIGINATING IN HAWAIIAN ISLANDS AND ON IMPORT TRAFFIC VIA PACIFIC COAST PORTS

(A) In the absence of import rates from Vancouver, Victoria, B. C., Seattle, Tacoma, Wash., Albina, East Portland, and Portland, Ore., shipments originating at points in Asia, Philippine Islands, Australia, New Zealand, Fiji Islands, or beyond, are subject to rates named herein from Vancouver, Victoria, B. C., Seattle, Tacoma, Wash., Albina, East Portland, and Portland, Ore.

(B) Rates as authorized in paragraph (A) apply from shipside at wharves at Vancouver, Victoria, B. C., Seattle, Tacoma, Wash., Albina, East Portland, and Portland, Ore., served by the tracks of the rail carriers, parties hereto, as well as from the stations of said rail carriers at Vancouver, Victoria, B. C., Seattle, Tacoma, Wash., Albina, East Portland, and Portland, Ore.

(C) The rates authorized in paragraphs (A) and (B) are applied only when satisfactory proof is furnished initial rail carriers, parties hereto, that shipments originated at Hawaiian Islands, Asiatic points, Philippine Islands, Australia, New Zealand, Fiji Islands, or beyond.

From this it is seen that through California Terminals a distinction is made as to whether the traffic originates in the Far East, in the Hawaiian Islands, in Mexico, in Central America, or in South America. While through North Pacific Coast Terminals, no cognizance is taken of traffic originating in the latter countries. However, via North Pacific Coast Terminals, on several commodities peculiar to Central America, rates are published to apply from North Pacific ports of entry. With these exceptions, however, the rate applicable upon domestic traffic would be applied via North Pacific Coast ports of entry.

Traffic, in general, originating in South America, Central America, or the Republic of Mexico is discharged

TABLE 17

Import Commodity Rates from Pacific Coast Ports to Points in United States and Canada

Commodities [1]	Rates [2] in Cents per 100 Pounds	
	Less Than Carloads	Carloads
Bamboo, split, in packages	150	100
Camphor, crude, in packages	100	80
Cigars	225	200
Cocoa beans, in packages	135	85
Curios, toys, metal ornaments, soapstone ornaments, Nipponoid ornaments, not otherwise indexed by name herein, in packages, valuation not exceeding $20.00 per 100 pounds	150	110
Curios, toys, metal ornaments, soapstone ornaments, Nipponoid ornaments, not otherwise indexed by name herein, in packages	200	...
Fire crackers, straight carloads, or in mixed carloads, with joss sticks, in packages	125	100
Gums, including gum copal, gum damar, gum kowrie, East India gum, Manila gum, gambier and bird lime, in packages	125	80
Lacquered ware, in boxes	125	100
Liquors, Japanese and Chinese alcoholic or spirituous wines and liquors (not including champagne): In barrels or iron drums	250	...
In glass	275	...
Loofahs, compressed in bales	300	...
Matting, matting rugs, matting grass, straw fibre and straw fibre table mats, in packages, minimum carload weight 20,000 pounds	125	100
Silk, raw, spun and silk goods, in packages	400	...
Skins, kangaroo, opossum, rabbit, wallaby, and wombat, minimum carload weight 20,000 pounds	155	100
Wool, in grease, in bales, compressed, minimum carload weight 24,000 pounds	100	75

[1] Minimum carload weight 30,000 pounds, except as otherwise provided.
[2] Governed by the Western Classification.

by the boat lines through the southern California Terminals, very little of the traffic being transported north of San Francisco.

The intent of this application of rate basis is to confine the application of these import rates to bona fide import shipments and to remove the possibility of their being applied on traffic originating at points on the Pacific seacoast and transported by vessel to the various terminal points.

(d) Commodity Rates

In Table 17 are shown some of the rates applicable upon commodities imported through the Pacific Coast ports to points in the United States and Canada. These commodities are, in a great measure, as may be noted, peculiar to the Orient, although such familiar items as cigars, peanuts, and rice are encountered.

5. Cuban Traffic

As is the case in regard to the Republic of Mexico, the Island of Cuba, especially the port of Havana, enjoys a very efficient steamship service. A number of established lines have for years maintained sailings between that port and the more important ports on the seaboard of the United States.

No through rates, however, are published to interior destinations on traffic exported from that island, through rates being made by a combination of the local rates to and from the ports of entry or by the establishment of proportional rates applicable therefrom. These propor-

tional rates are to be used in connection with the rates announced from time to time by the ocean carriers.

The competition of the various routes, the services afforded by each, and the ports they serve, are worthy of some consideration. Key West, Fla., has the advantage of location, as the passage between the ports can be effected within eight hours. New Orleans and Mobile are about equally distant from Havana via the respective lines serving the ports, viz., the Munson Line, serving the port of Mobile, and the Morgan Line, serving the port of New Orleans. The schedule of the Ward Lines, serving the ports of New York and Havana, indicates a passage of about four days between the ports.

With these facts established it becomes apparent that Key West enjoys the lowest proportional rate from Havana to this country, and that Mobile and New Orleans enjoy rates that are lower than the rates via New York. However, as has been intimated before in this treatise, it is the through rate from the point of origin to the point of destination that should be considered rather than either of the factors to or from the ports. Thus, for example, on a movement of traffic from Havana to Chicago, considering the length of the rail haul to Key West as against that to New Orleans, the advantage of Key West's location in this respect might be overcome and a cheaper combination afforded through Mobile, New Orleans, or New York.

Taking Mobile, New Orleans, and Galveston as ports of entry, the class and commodity rates applying from Havana, Cuba, to the ports of entry are reproduced as follows:

MINIMUM CHARGE

The minimum charge for any single shipment is $3.25.

CLASS RATES

To Mobile, New Orleans, and Galveston (Shipside) From	Rates in Cents per 100 Pounds Governed by the Official Classification					
	1	2	3	4	5	6
Havana, Cuba (Shipside)...	70	65	55	55	45	35

LIGHTERAGE CHARGES AT HAVANA, CUBA (SEE NOTE)

(United States Currency)

Note.—The lighterage charges as shown in this item on Classes and Commodities are to be added to the rates named.

CLASSES

In Cents per 100 Pounds					
1	2	3	4	5	6
10	10	10	5	5	5

COMMODITIES

Commodities	Lighterage Rates in Cents per 100 Pounds Unless Otherwise Specified
Ammonia cylinders or drums.....	4
Barrels (empty), grease.....	5
Cigars (any class package), per 3,000 cigars....	20
Glycerine, in drums of 1,300 lbs., estimated weight	3
Hardwood lumber, in lots of 100,000 lbs. or more.	3
Honey (in any class package).....	2½
Molasses, in barrels.....	3
Paper stock, in bales.....	4
Scrap iron, in quantities of not less than 50 tons, per ton of 2,240 lbs.....	100
Sponges, in bales of 150 lbs., per bale.....	20
Sponges	13⅓
Tobacco, in bales, per bale.....	7
Tobacco, in barrels, per barrel.....	10
Vegetables, per crate.....	3

ESTIMATED WEIGHTS ON FRUITS AND VEGETABLES

The following estimated weights govern on shipments of fruits and vegetables, and shipments are waybilled accordingly:

Commodity	Weights are Shown in Pounds		
	Per Crate	Small Barrel	Large Barrel
Cucumbers	40	.....	.....
Egg plant	50	.....	.....
Grape fruit	80	160	200
Lemons and tangerines	80	160	200
Okra	30	.....	.....
Onions	50	120	150
Oranges and limes	80	160	200
Peas and beans	35	.....	.....
Peppers (sweet)	25	.....	.....
Potatoes	60	120	150
Squash	70	.....	.....
Tomatoes	45	.....	.....

In connection with these rates, the inland carriers publish proportional rates applicable to various Gulf ports. In Table 18 are shown some of the commodity rates established to the Gulf ports, Mobile, Ala., to Galveston, Tex., inclusive.

It is to be observed that to a large extent the commodity rates established from Havana to the various Gulf ports are for the most part confined to the natural products of the island and that they apply on any quantity of freight. Much of the early vegetables, fruits, pineapples, and the like sold in the metropolitan centers of this country east of the Mississippi River are obtained from the republic of Cuba.

TABLE 18

Import Commodity Rates from Havana and Other Points in Cuba to Mobile, New Orleans, and Galveston (Shipside)

COMMODITIES (Any Quantity)	Rates [1] in Cents per 100 Pounds, Except as Otherwise Specified — To Mobile, New Orleans, Galveston (Shipside) From: Shipside Havana	Shipside Cuban Outports [2] as follows: Caibarien [3], Cardenas, Cienfuegos, Guantanamo [3], Manzanillo, Matanzas, Sagua [3], Santiago
Asphalt, C. L.	15	.....
Barrels, empty, returned, in cents per barrel of 60 lbs. each	15 [4]	.....
Barrels (empty), grease	35	.....
Beeswax	25	.....
Bones, dried, in sacks	25	.....
Bottles (empty), in barrels	20	25
Cabbage	40	.....
Cigars, per 1,000 cigars	64	.....
Cocoanuts, in sacks, in cents per sack of 100 cocoanuts	45	45
Cylinders (empty), ammonia	20	.....
Drums, iron, empty, returned	35	.....
Glycerine (crude)	15	.....
Glycerine (N. O. S.)	18	.....
Grape fruit, per crate	40 [5]	.....
Hides, in bundles	26¼	.....
Honey	25	.....
Logs, Cedar	25	28
Logs, mahogany	25	28

TABLE 18—Continued

Import Commodity Rates from Havana and Other Points in Cuba to Mobile, New Orleans, and Galveston (Shipside)

COMMODITIES (Any Quantity)	Rates [1] in Cents per 100 Pounds, Except as Otherwise Specified — To Mobile, New Orleans, Galveston (Shipside) — From: Shipside Havana	Shipside Cuban Outports [2] as follows: Caibarien [3], Cardenas, Cienfuegos, Guantanamo [3], Manzanillo, Matanzas, Sagua [3], Santiago
Lumber, cedar	20	23
Lumber, mahogany	20	23
Oranges and lemons, per crate	40 [5]	.....
Paper stock, in compressed bales	15	18
Sponges, in bales	150	.....
Tankage, under or on deck, at ship's option, per short ton	290 [6]	.....
Tobacco	50	.....
Vegetables (except cabbage)	60 [7]	.....

[1] Governed by the Official Classification.

[2] Rates named from Cuban Outports to New Orleans, La., do not apply in connection with the Southern Pacific Steamship Co., Atlantic Steamship Lines, "New Orleans-Havana Line."

[3] In connection with the United Steamship Company, subject to sufficient cargo being offered and special booking of steamer room.

[4] Plus 5 cents per 100 pounds for lighterage. Does not apply via United Steamship Company.

[5] When destined beyond, 31½ cents per crate.

[6] Plus 5% primage.

[7] When destined beyond, 50 cents per 100 pounds.

Should it be desired to construct the rate on honey from Havana to Chicago, the commodity rate of 25 cents shown in Table 18 applying from Havana to New Orleans plus 2½ cents lighterage would be added to the proportional rate of 50 cents applying from the port of entry to Chicago, making the through rate 77½ cents per hundredweight.

In this connection, it might be well to call attention to the fact that certain invoices, consular fees, duties, and port charges have to be arranged for and these items materially affect the expense of the shipper in arranging for the importation of goods.

CHAPTER V

EXPORT RATES

What has previously been said with reference to the import rates applies in a great measure to the establishment of export rates. There are, however, in several instances, adjustments established which result in export rates that are in a great measure less than the rates currently in effect on import traffic. This applies with particular force to the rates on export traffic to the republics of Mexico and Cuba, which will be discussed later in this treatise.

1. From Central Freight Association Territory

(a) All-Rail Rates via North Atlantic Ports

The authorized basis for the construction of rates on export traffic from points in Central Freight Association Territory is set forth in Table 19.

The through rates to foreign countries to points on the coast of Maine east of Portland, to Newfoundland, to Prince Edward Island, and to seaboard points in New Brunswick and Nova Scotia, when traffic is forwarded thereto via vessel from the following ports of export, are determined by adding to the inland rates the actual ocean rates from time to time obtainable, and not otherwise.

The inland rates charged on such traffic are those published on domestic shipments from points of origin to the ports from which the traffic is exported via vessel, except as otherwise provided in the table.

TABLE 19

Basis for Rates on Traffic for Export

Reshipping Point	When for Export via Vessel (Except as Otherwise Provided), as Follows	Rate Basis
Baltimore, Md. Newport News, Va. Norfolk, Va. New York, N. Y. Philadelphia, Pa. Pinners Point, Va.	To foreign countries, including insular possessions of the United States and Canal Zone of Panama, also West Indies Islands...	Current export rates
	To points on the coast of Maine east of Portland, also to Newfoundland, Prince Edward Island, and seaboard points in New Brunswick and Nova Scotia....	Full domestic rates
Boston, Mass. E. Boston, Mass. Portland, Me.	To foreign countries, including insular possessions of the United States and Canal Zone of Panama, also West Indies Islands....	New York current export rates
	To points on the coast of Maine east of Portland; also to Newfoundland, Prince Edward Island, seaboard points in New Brunswick and Nova Scotia....	New York domestic rates
Halifax, N. S.	To foreign countries.....	New York current export rates, plus 1 cent per 100 pounds
	To Newfoundland, Prince Edward Island, seaboard points in New Brunswick and Nova Scotia....	New York domestic rates, plus 1 cent per 100 pounds
Montreal, Que.	To foreign countries.....	Philadelphia current export rates [1]
	To points on the coast of Maine east of Portland to Newfoundland, Prince Edward Island, seaboard points in New Brunswick and Nova Scotia.....	New York domestic rates

TABLE 19—Continued

BASIS FOR RATES ON TRAFFIC FOR EXPORT

RESHIPPING POINT	WHEN FOR EXPORT VIA VESSEL (EXCEPT AS OTHERWISE PROVIDED), AS FOLLOWS	RATE BASIS
Point Levi, Que. Quebec, Que.	To foreign countries.....	New York current export rates
	To Newfoundland, Prince Edward Island, seaboard points in New Brunswick and Nova Scotia....	New York domestic rates
St. John, N. B. West St. John, N. B.	To foreign countries.....	New York current export rates
	To Newfoundland, Prince Edward Island, seaboard points in New Brunswick and Nova Scotia....	New York domestic rates
Sherbrooke, Que.	On shipments forwarded via rail to Calais, Eastport, and Milltown, Me.	New York domestic rates
St. Andrews, N. B. St. Stephens, N. B.	To points on the coast of Maine east of Portland, Me., to Newfoundland, Prince Edward Island, seaboard points in New Brunswick and Nova Scotia....	New York domestic rates
North Sidney, C. B.	To points in Newfoundland.....	(2)

[1] New York current export rates apply on shipments of live stock.

[2] New York domestic rates plus the following arbitraries—in cents per 100 pounds:

Classes	1	2	3	4	5	6
Rates in cents per 100 pounds	15	12	10½	9	7½	6

The term "foreign countries" as used in this table includes all destinations outside of the United States, Canada, Newfoundland, Prince Edward Island, New Brunswick, and Nova Scotia, with the proviso that the rates are not applied on shipments exported to foreign possessions of the United States, handled through the United States navy yards, and forwarded thence by United States government transports.

The same grouping of Central Freight Association Territory that is employed in the construction of domestic rates is used in connection with the establishment of export rates.

The term "New York domestic rates" as used in Table 19 indicates that no special import rates are available, whereas the use of the term "New York export rates" or "Current export rates" indicates that export rates are established.

There are no special class rates applicable to eastern destinations on export traffic, the rates currently in effect to the ports on domestic traffic being applied on export traffic as well.

There being no special rates applicable on export traffic to New York, the class rates on traffic exported via Halifax, for example, would be constructed by adding one cent to each of the class rates applying from Chicago to New York.

Classes	1	2	3	4	5	6
Rates from Chicago to New York	78.8	68.3	52.5	36.8	31.5	26.3
Halifax Arbitraries	1	1	1	1	1	1
Through rates	79.8	69.3	53.5	37.8	32.5	27.3

(b) Via Rail and Water

A representative line of rates from various percentage groups to Boston, Mass., via rail and water, applicable upon import traffic, is shown in Table 20.

TABLE 20

RAIL-AND-WATER RATES TO BOSTON, MASS., FROM PERCENTAGE GROUPS

To Boston, Mass., from Percentage Groups	Rates in Cents per 100 Pounds								
	Classes[1]								
	1	2	R25	3	R26	R28	4	5	6
78%	58.5	50.03	42.8	38.0	30.4	30.0	25.7	22.6	18.5
80%	60.0	51.6	43.9	39.0	31.2	30.8	26.4	23.2	19.0
82%	61.6	53.0	45.1	40.1	32.1	31.7	27.2	23.8	19.6
84%	63.2	54.4	46.2	41.1	32.9	32.5	27.9	24.5	20.1
87%	65.6	56.4	47.9	42.7	34.2	33.8	29.0	25.4	20.9
Cincinnati[2]	58.7	51.5	43.5	39.6	32.2	32.5	27.6	23.5	18.3
93%	70.3	60.5	51.4	45.3	36.2	36.1	31.2	27.3	22.5
100%	75.8	65.3	55.5	49.5	39.6	39.3	38.8	29.5	(4) 24.
103%	78.2	67.3	57.2	51.1	40.9	40.6	34.9	30.4	25.1
110%	83.4	72.1	61.3	54.8	43.8	43.6	37.5	32.7	26.9
117%	84.2	73.9	62.8	57.4	45.9	46.2	40.1	34.9	28.9
120%	91.6	79.0	67.2	60.0	48.0	47.8	41.2	35.8	29.6

[1] Governed by the Official Classification.
[2] Applies as a proportional from Cincinnati, O., on traffic originating south of the Ohio River.

2. COMMODITY RATES

The same basis attending the construction of domestic commodity rates follows the construction of rates on commodities for export; that is, the rate from Chicago to New York is scaled in accordance with the existing percentages, as explained in the treatise devoted to the construction of freight rates in Official Classification Territory. Thus, for example, if a commodity rate of 25 cents were established from Chicago to New York, the rate from an 80 per cent point would be made by taking 80 per cent of this figure and establishing a rate of 20 cents. In general, the rates established to New York are also applied to Boston, as may be seen from a reproduction of some of the existing commodity rates applicable upon export traffic from points in Central Freight Association Territory shown in Table 21.

TABLE 21

ALL-RAIL EXPORT COMMODITY RATES APPLICABLE FROM POINTS IN CENTRAL FREIGHT ASSOCIATION TERRITORY TO BOSTON, MASS., AND NEW YORK, N. Y.

COMMODITIES	RATES[1] IN CENTS PER 100 POUNDS EXCEPT AS NOTED FROM POINTS IN CENTRAL FREIGHT ASSOCIATION TERRITORY TO	
	BOSTON	NEW YORK
Agricultural implements	28	28
Dross, lead, spelter, tin, and zinc	21.5	...
Fencing, wire	21	21
Iron and steel billets	352[2]	352[2]
Pig iron	336[2]	336[2]
Rock, bituminous	352[2]	...
Syrup, corn	22½	22½

[1] Governed by the Official Classification.
[2] Per gross ton.

The basis for the construction of rates both to and from points in the Dominion of Canada was explained in the treatise devoted to the construction of freight rates in Official Classification Territory, and this should not be overlooked in connection with traffic destined to points in the Dominion of Canada proper when forwarded via all-rail lines.

3. RATES TO MEXICAN COMMON POINTS

(a) All-Rail Rates

The publication of through rates from interior points in the eastern part of the United States to Mexican destinations is under the jurisdiction of the Southwestern Tariff Committee; the Pacific Freight Tariff Bureau likewise publishes some through rates from points on the Pacific slope and Rocky Mountain regions. To a large extent, however, the publication of through rates has been discontinued owing to the unsettled condition in the

Republic of Mexico. With the restoration of law and order, however, it is not unlikely that the through rates formerly in effect will be re-established; accordingly, the authorized basis for the construction of these through rates is reproduced in this section of the work. The grouping of defined territories on this traffic is the same as that employed upon Texas traffic,[1] with the exception of the Youngstown Group, which is described on page 103 of this treatise.

Through class and commodity rates are published from the following territories:

Carolina	Chicago
Cincinnati	Dayton-South Bend
Detroit	Cleveland
Fox River	Kansas No. 1
Kansas No. 2	Kansas No. 3
Kansas City	Little Rock-Ft. Smith
Louisville	Macon
Memphis	Middlesboro
Milwaukee	Nashville
New Orleans	Omaha
Davenport	Pittsburgh
Raleigh	St. Louis
Youngstown	

Rates are also published from Shreveport, La., and from various other individual points.

The points of destination under this adjustment are grouped as common points and include, among the more important places, Mexico City, Torreon, Saltillo, Monterey, San Luis Potosi, Pachuca, and Pueblo. A complete list of these Mexican Common Points, however, will be found in the Traffic Glossary.

In publishing export rates the rates from one territory or town usually determine the rates to be charged and the rates from other territories are made in relation

[1] See Part 2 of "Freight Rates—Western Territory."

[2] See Page 103.

thereto. In the case of all-rail rates to Mexico, the St. Louis rate is usually established and rates from other territories are made in relation to the St. Louis rate. The all-rail rates from St. Louis to Mexico City, Torreon, San Luis Potosi, Monterery, and Pachuca are usually made the following differentials over the rates from New York to Mexico City, Torreon, San Luis Potosi, Monterey, and Pachuca (as the case may be), applicable via water to Vera Cruz and via rail beyond.

Classes	1	2	3	4	5	A	B	C	D	E
Rates from New York to Mexico City	268	236	208	186	164	169	151	132	113	94
Differentials	24	20	18	16	12	13	11	10	9	8
Through rates from St. Louis to Mexico City	292	256	226	202	176	182	162	142	122	102

Having established the basis for rates from St. Louis to points in Mexico, Table 22 sets forth the rates and differentials applying from the other territories.

(b) Rail-and-Water Rates

Through rail-and-water rates are published to points in Mexico from all territories mentioned in Table 22, these rates being applicable through United States Gulf ports and Tampico or Vera Cruz, Mex. The through rates are made the following differentials less than the all-rail rates from each specific point of origin.

Classes	1	2	3	4	5	A	B	C	D	E
Differentials	16	14	12	9	8	9	7	6	6	6

TABLE 22

Export Class Rates to Mexico City and Other Mexican Points from Specified Territories

To Points in Mexico from the Following Territories	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
St. Louis	292	256	226	202	176	182	162	142	122	102
Kansas City	292	256	226	202	176	182	162	142	122	102
Omaha-Davenport (except Quincy, Ill.)	303	265	233	207	179	186	165	145	125	104
Quincy, Ill	298	261	231	206	179	186	165	145	125	104
New Orleans	283	247	217	193	170	175	156	136	116	96
Little Rock-Fort Smith and Memphis	285	249	219	195	171	175	157	137	117	97
Nashville	297	260	229	204	178	184	164	144	124	103
Louisville	300	263	231	206	178	185	164	144	124	104
Macon	300	263	231	206	178	185	164	144	124	104
Chicago-Milwaukee and Cincinnati	307	268	235	210	181	189	168	147	127	106
Carolina	307	268	235	210	181	189	168	147	127	106
Raleigh	337	290	253	219	190	199	177	156	135	114
Fox River	327	283	247	220	189	196.5	178	152	132	111
Dayton-South Bend	316	276	241	214	184	190	170	150	130	110
Detroit-Cleveland	322	282	246	216	188	194	173	151	131	110
Middlesboro	322	282	246	216	188	194	173	151	131	110
Youngstown	330	290	250	219	190	197	174	154	134	113
Kansas No. 1	300	264	232	208	181	187	166	145	124	104
Kansas No. 2	303	267	235	210	181	189	168	147	127	106
Kansas No. 3	307	268	235	210	181	189	168	147	127	106
Houston and Galveston, Tex., Shreveport, La., and points taking same rates	280	244	214	190	166	172	153	133	113	93
Colorado Common Points[2]										

[1] Governed by the Western Classification.

[2] Rates from Colorado Common Points to Mexico City, Mex., are, as a general proposition, published on the same basis as St. Louis-Mexico City rates.

TABLE 22—Continued

Export Class Rates to Mexico City and Other Mexican Points from Specified Territories

To Points in Mexico from the Following Territories	Differentials in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
St. Louis										
Kansas City										
Omaha-Davenport (except Quincy, Ill.)	11	9	7	5	3	4	3	3	3	2
Quincy, Ill.	6	5	5	4	3	4	3	3	3	2
New Orleans	9	9	9	9	6	7	6	6	6	6
Little Rock-Fort Smith and Memphis	7	7	7	7	5	7	5	5	5	5
Nashville	5	4	3	2	2	2	2	2	2	1
Louisville	8	7	5	4	2	3	2	2	2	2
Macon	8	7	5	4	2	3	2	2	2	2
Chicago-Milwaukee and Cincinnati	15	12	9	8	5	7	6	5	5	4
Carolina	15	12	9	8	5	7	6	5	5	4
Raleigh	45	34	27	17	14	17	15	14	13	12
Fox River	35	27	21	18	13	14½	12	10	10	9
Dayton-South Bend	24	20	15	12	8	8	8	8	8	8
Detroit-Cleveland	30	26	20	14	12	12	11	9	9	8
Middlesboro	30	26	20	14	12	12	11	9	9	8
Youngstown	38	34	24	17	14	15	12	12	12	11
Kansas No. 1	8	8	6	6	5	5	4	3	2	2
Kansas No. 2	11	11	9	8	5	7	6	5	5	4
Kansas No. 3	15	12	9	8	5	7	6	5	5	4
Houston and Galveston, Tex., Shreveport, La., and points taking same rates	12	12	12	12	10	10	9	9	9	9
Colorado Common Points[2]										

[1] Governed by the Western Classification.

[2] Rates from Colorado Common Points to Mexico City, Mex., are, as a general proposition, published on the same basis as St. Louis-Mexico City rates.

For example, the through rail-and-water rates from St. Louis to Mexico City are made as follows:

Classes	1	2	3	4	5	A	B	C	D	E
All-rail rates from St. Louis to Mexico City	292	256	226	202	176	182	162	142	122	102
Rail-and-water differentials	16	14	12	9	8	9	7	6	6	6
Through rail-and-water rates	276	242	214	193	168	173	155	136	116	96

4. Rates to Monterey, Mex.

Through all-rail rates from St. Louis to Monterey, Mex., are made by deducting the following differentials from the all-rail rates published to Mexico City:

Classes	1	2	3	4	5	A	B	C	D	E
All-rail rates from St. Louis to Mexico City	292	256	226	202	176	182	162	142	122	102
Differentials	70	60	51	39	43	46	44	45	41	30
Through rates from St. Louis to Monterey	222	196	175	163	133	136	118	97	81	72

The all-rail rates to Monterey, Mex., from other territories are made on the same basis as are the rates to Mexico City, Mex., that is by adding to or deducting (as the case may be) the differentials used from each territory in arriving at the rate to Mexico City.

For example, the through rates from Cincinnati Territory to Mexico City, Mex., are made by adding the following differentials (as above explained) to the rates from St. Louis to Mexico City:

Classes	1	2	3	4	5	A	B	C	D	E
Differentials	15	12	9	8	5	7	6	5	5	4

Therefore, in order to obtain the through rates from Cincinnati Territory to Monterey, Mex., add the above differentials to the rates from St. Louis to Monterey, as follows:

Classes	1	2	3	4	5	A	B	C	D	E
Rates from St. Louis to Monterey	222	196	175	163	133	136	118	97	81	72
Differentials	15	12	9	8	5	7	6	5	5	4
Through rates from Cincinnati Territory to Monterey	237	208	184	171	138	143	124	102	86	76

5. Rates to Vera Cruz and Tampico, Mex.

Through rail-and-water commodity rates are published to Tampico and Vera Cruz, Mex., via the ports of New Orleans, La., or Texas City, Tex., from Mississippi River points and points east thereof. The outline of the greatest part of Central Freight Association Territory covered in the tariff publishing these rates is west of a line drawn as follows:

From Toronto, Ont., via the shore of Lake Ontario and Hamilton to Niagara Falls, Ont.; thence via the Niagara River including both banks of said river to Buffalo, N. Y.; thence via the Buffalo, Rochester & Pittsburgh Railway to Salamanca, N. Y.; thence via the Erie Railroad to Faulkner Junction, N. Y.; thence via the Dunkirk, Allegheny Valley & Pittsburgh Railroad to Warren, Pa.; thence via the Western New York & Pennsylvania Railway to Oil City, Pa.; thence via the Allegheny River to

Franklin, Pa.; thence via an imaginary line immediately west of the Allegheny River to Butler, Pa.; thence via the Baltimore & Ohio Railroad to Allegheny, Pa.; thence to Pittsburgh, Pa.; thence from Pittsburgh, Pa., via the Baltimore & Ohio Railroad to Wheeling, W. Va.; and thence via an imaginary line due south from Wheeling, W. Va.

Rates to Vera Cruz and Tampico, Mex., are generally made by the use of the local rates from originating points in Central Freight Association Territory to New York plus the steamship lines' rates to Tampico and Vera Cruz, less the following differentials:

Classes	1	2	3	4	5	A	B	C	D	E
Differentials	16	14	12	9	8	9	7	6	6	6

The rates thus obtained are subject to the combination rates from the same points of origin to Gulf ports plus the local rates of the steamship lines from such Gulf ports to Tampico and Vera Cruz, Mex., as maxima.

It must be understood that in making less-than-carload rates via New York, cartage transfer at New York is to be added to the rate.

6. Rates to West Coast of Mexico

A number of commodity rates are published from points in Alabama, Arkansas, Colorado, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Ohio, Oklahoma, Tennessee, Texas, and Wisconsin to points in Mexico on the west coast route, such as Guaymas, Empalme, and Mazatlan. These rates are made, in a

great many cases, on combinations of local rates, using the rates to border points, such as Nogales or Naco, Ariz., plus the local rates in Mexico, to which is added the transfer charge at the border.

Rates to other points on the west coast route are made on combinations of local rates, as no through rates from points in the United States are published.

CHAPTER VI

CUBAN TRAFFIC

1. Class Rates from Central Freight Association Territory via Atlantic Seaboard Ports

On traffic forwarded to Cuba via North Atlantic ports, no special basis of rates is provided by the Central Freight Association and Trunk Line carriers, through rates being made by a combination of rates to and from the ports, using the proportional rate to the port as the inland proportion and the ocean carrier's rate from the port of transshipment to the port of call.

2. Class Rates from Central Freight Association Territory via Gulf Ports

From Central Freight Association Territory on traffic destined to Cuban ports, exported through the Gulf ports, a proportional scale of rates is established to the said ports.

These rates apply from well defined groups into which that portion of Central Freight Association Territory lying east of the Indiana-Illinois State Line is assigned. Representative points in each of the six groups are indicated in Table 23.

TABLE 23

Grouping of Points of Origin

Representative Points	G'ps	Representative Points	G'ps	Representative Points	G'ps
Akron, Ohio.....	2	Allegheny, Pa...	2	Ashland, Ky....	3
Farbison, Ohio..	2	Buffalo, N. Y....	2	Celina, Ohio.....	1
Chillicothe, Ohio	3	Cleveland, Ohio..	2	Columbus, Ohio..	1
Dayton, Ohio....	3	Detroit, Mich....	2	Dunkirk, N. Y..	2
Elizabethtown,		Erie, Pa.....	2	Ft. Wayne, Ind..	1
Ind.	3	Gary, Ind.....	1	Goshen, Ind.....	1
Fostoria, Ohio...	2	Hamilton, Ont...	2	Huntington, W.	
Greenville, Ohio.	1	Jackson, Mich...	2	Va.	2
Indianapolis, Ind.	3	Kenova, W. Va..	3	Jonesboro, Ind...	1
Kalamazoo, Mich.	2	LaFayette, Ind..	1	Charleston, W. Va.	2
Kokomo, Ind.....	1	Lima, Ohio.....	1	Lansing, Mich...	2
Decatur, Ill.....	5[1]	Marion, Ohio....	1	London, Ont.....	2
Marion, Ind.....	1	Muncie, Ind.....	1	Middletown, Ohio	3
Mackinaw, Ill...	4[1]	New Lexington,		Muskegon, Mich.	2
New Cumberland,		Ohio	2	North Vernon,	
W. Va.....	2	Owasso, Mich....	2	Ind.	3
Orville, Ohio....	2	Portsmouth, Ohio	3	Paris, Ill.....	5[1]
Pittsburgh, Pa...	2	Round Bottom,		Quincy, Ohio....	1
Richmond, Ind...	3	W. Va.....	2	Rushville, Ind...	3
Saginaw, Mich...	2	St. Thomas, Ont.	2	Sandusky, Ohio..	2
Sharon, Pa.....	2	South Bend, Ind.	1	Stuebenville, Ohio	2
Terre Haute, Ind.	3	Toledo, Ohio.....	2	Trinway, Ohio...	2
Urichsville, Ohio.	2	Urbana, Ohio....	1	Valparaiso, Ind..	1
Vienna, Mich....	2	Washington Court		Vincennes, Ind...	6
		House, Ohio...	3	Wheeling, W. Va.	2
Windsor, Ont....	2	Youngstown, Ohio	2	Zanesville, Ohio..	2

[1] Stations on the Vandalia Railroad in Illinois from Farrington, Ill., to but not including St. Louis, Mo., and from Farrington, Ill., to Kennie, Ill., inclusive, are in Group 5. Stations, Midland City to Peoria, inclusive, are in Group 4. These are the only Illinois stations that are grouped in the Central Freight Association tariff. Rates from these stations are published by the Western Trunk Line Committee.

Table 23 gives some general idea as to the grouping of Central Freight Association Territory.

3. Proportional Class Rates from Central Freight Association Territory to Gulf Ports, Except Key West, Fla.

In Table 24 are given the current class rates applicable to all Gulf ports, except Key West, Fla., on traffic destined to Havana and other points in Cuba. These rates, as may be observed, are governed by the Official Classification. It will be recalled that the local rates to New Orleans and Mobile were governed by the Southern Classification, while the rates to Galveston and other Texas ports were governed by the Western Classification.

TABLE 24

Class Rates Applicable to All Gulf Ports, Except Key West, Fla., on Traffic Destined to Havana and Other Points in Cuba

To Gulf Ports[1] from Groups[2]	Rates in Cents per 100 Pounds								
	Classes[3]								
	1	2	3	4	5	6	R25	R26	R28
1.....	75	65	50	35	30	25	55	40	40
2.....	75	65	50	35	30	25	55	40	40
3.....	69.5	60.5	46.5	32.5	28	23	51.5	37.5	37.5
4.....	72	63	49.5	34	29	24.5	53.5	39.5	39.5
5.....	69.5	60.5	46.5	32.5	28	23	51.5	37.5	37.5
6.....	65	56.5	43.5	30.5	26	21.5	48	34.5	35

Exception.—Does not apply on live stock for export; no export rates in effect on live stock.

Exception.—Does not apply on cotton seed products, viz.: Cotton seed meal, cotton seed cake, cotton seed hulls, cotton seed oil, cotton seed soap stock, cotton seed foots, cotton seed hull bran, cotton seed settlings, cotton seed tank bottoms, cotton seed hull shavings (not bleached or dyed), and cotton factory sweepings (refuse of cotton seed oil mills).

[1] Algiers, La., Galveston, Tex., Gretna, La., Gulfport, Miss., Mobile, Ala., New Orleans, La., Pensacola, Fla., Port Arthur, Tex., Port Bolivar, Tex., Port Chalmette, La., Texas City, Tex., and Westwego, La.

[2] See Table 23.

[3] Governed by Official Classification No. 41, Agent R. N. Collyer's I. C. C.-O. C. No. 41, supplements thereto and reissues thereof, and by Exceptions to said classification.

The rate to Gulf ports from any point in Central Freight Association Territory shown in Table 23 will be the same as for the corresponding group to which it is assigned. Thus, for example, reference to Table 23 shows that Vincennes is in Group 6 and the rate from Vincennes would be the scale shown for Group 6 in Table 24.

4. Proportional Class Rates from Central Freight Association Territory to Key West, Fla.

To illustrate the difference in the rate to Key West, Fla., as contrasted with the other Gulf ports, the current rates to Key West, Fla., are reproduced in Table 25.

TABLE 25

Class Rates Applicable to Key West, Fla., on Traffic Destined to Havana and Other Points in Cuba

To Key West, Fla., from Groups[1]	Rates in Cents per 100 Pounds								
	Classes[2]								
	1	2	3	4	5	6	R25	R26	R28
1.....	127	109	86	63.5	54.5	45.5	95	72.5	71.5
2.....	127	109	86	63.5	54.5	45.5	95	72.5	71.5
3.....	121.5	104.5	82.5	61	52.5	43.5	91.5	70	68.5
4.....	124	107	85.5	62.5	53.5	45	93.5	72	70.5
5.....	121.5	104.5	82.5	61	52.5	43.5	91.5	70	68.5
6.....	117	100.5	79.5	59	50.5	42	88	67	66

Exception.—Does not apply on live stock for export; no export rates in effect on live stock.

Exception.—Does not apply on cotton seed products, viz.: Cotton seed meal, cotton seed cake, cotton seed hulls, cotton seed oil, cotton seed soap stock, cotton seed foots, cotton seed hull bran, cotton seed settlings, cotton seed tank bottoms, cotton seed hull shavings (not bleached or dyed), and cotton factory sweepings (refuse of cotton seed oil mills).

[1] See Table 23.

[2] Governed by Official Classification No. 41, Agent R. N. Collyer's I. C. C.-O. C. No. 41, supplements thereto and reissues thereof, and by Exceptions to said classification.

These rates, as may be observed, are in all instances considerably higher than the rates to the other Gulf ports and the difference is justified, in a great measure, by the difference in the length of haul.

Both the rates to Key West and to the other Mexican Gulf ports are considerably less than the local rates from the same group to the same point. These rates are designated as proportional rates and are confined in their application to apply only on traffic destined to Havana, Cuba, and other points on the island.

5. Class Rates from the Ports

The class rates applicable in connection with the water carriers operating between Southern ports of transshipment and Cuban ports of call are shown in Table 26. These are the rates that are currently in effect and as they are not filed with the Interstate Commerce Commission they are subject to change upon very short notice.

From Table 26 it may be seen that the rates from Key West to Havana are hardly one-third of the rates applicable from the other ports and it may also be observed that there are no rates from Key West to the other Cuban ports of call, such as Cienfuegos, Matanzas, Guantanamo, or Manzanillo. This is due to the fact that the Peninsular & Occidental Steamship Company, which affords the service between Key West and Havana, does not make these points as ports of call, confining its operations to Havana only.

TABLE 26

Class Rates Applicable from Southern Ports of Transshipment to Cuban Outports

From Key West, Fla., Mobile, Ala., New Orleans, La., Galveston, Tex., (Shipside) to	Rates in Cents per 100 Pounds							
	Classes [1]							
	1	2	3	4	5	6	R25	R26
Havana [4]	85 [2]	75	65	50	40	35	70	55
Havana [4]	33 [3]	31	29	21.5	15.5	14.5	30	22.5
Cienfuegos Santiago	92 [2]	82	72	55	45	40	77	62
Matanzas [4] Cardenas [4]	90 [2]	80	70	53	43	38	75	60
Guantanamo	94 [2]	84	74	57	47	42	79	64
Caibarien Sagua	93 [2]	83	73	56	46	41	78	63
Manzanillo	97 [2]	87	77	59	49	44	82	67

[1] Governed by the Official Classification.
[2] Rates apply from all points shown above except Key West, Fla.
[3] Rates apply from Key West, Fla., only.
[4] Rates named apply from dock to dock. Wharfage handling or lighterage is 7½ cents in addition to rates named.

Taking a Group 1 point of origin, the rates via New Orleans would be constructed as follows:

Classes	1	2	3	4	5	6
Rates from Group 1 to Gulf	75	65	50	35	30	25
Rates from Gulf to Havana	85	75	65	50	40	35
Through rates	160	140	115	85	70	60

The rates via Key West would be constructed as follows:

Rates from Group 1 to Key West	127	109	86	63½	54½	45½
Rates from Key West to Havana	33	31	29	21½	15½	14½
Through rates	160	140	115	85	70	60

From this it is seen that the rates from Group 1 are the same to Havana whether forwarded via Key West or via other Gulf ports. This emphasizes the equalization of the competition via the various routes, as it may be seen by further comparison that the rates from the other groups are the same also. This is brought about by the fact that the rates to Key West are established on a differential basis over the rates to other Gulf ports. The following differentials are added to the other Gulf port rates to establish proportional rates to Key West.

Classes	1	2	3	4	5	6
Differentials	52	44	36	28½	24½	20½

6. Commodity Rates from Central Freight Association Territory via Gulf Ports, Including Key West, Fla.

In so far as Havana is concerned, the same equalization of rates from Central Freight Association Territory through the various Mexican Gulf ports does not prevail, as lower combinations may be obtained through Key West, Fla., than through other ports on some commodities, and vice versa. A few of the rates currently in effect on some commodities are shown in Table 27.

As an exception to the generally accepted idea that commodity rates are less than class rates, it may be seen that the rates between the Gulf ports and Havana on boots and shoes are considerably in excess of the first-class rate, which is the rating they are assigned in the classification. In explanation of this, it may be said that it is a common practice, in so far as water-borne traffic is concerned, to assess very high rates on unde-

TABLE 27

Commodity Rates Currently in Effect from Gulf Ports to Havana

Commodities	Rates in Cents per 100 Pounds Except as Noted	
	To Havana from Gulf Ports Other Than Key West, Fla.	From Key West, Fla.
Boots and shoes, any quantity[1]	110	37½
Cement, in bags or barrels, any quantity[2]	12½	9
Clay, fire or common, in barrels, C. L.[4]	25	10½
Clay, fire or common, in barrels, L. C. L.[4]	25	12½
Coffee, in bags, C. L.[3]	30	17
Coffee, in bags, L. C. L.[3]	30	17½
Glassware, common, C. L.[4]	60	20½
Glassware, common, L. C. L.[4]	60	22
Pig lead, C. L.[5]	500[2]	292[2]
Pig lead, L. C. L.[5]	500[2]	313[2]
Packing house products, C. L.[3]	28	14½
Packing house products, L. C. L.[3]	28	15½
Water, mineral, in glass, in cases or barrels, C. L.[4]	40	18
Water, mineral, in glass, in cases or barrels, L. C. L.[4]	40	19½

[1] Governed by the Official Classification.
[2] Per gross ton, 2,240 pounds.
[3] Plus 2.5 cents for wharfage handling or lighterage.
[4] Plus 7.5 cents for wharfage handling or lighterage.
[5] Plus 16.8 cents for wharfage handling or lighterage.

The corresponding rates on the same commodities from Central Freight Association Territory to both Key West and other Gulf ports are shown in Tables 28 and 30.

TABLE 28

Commodity Rates Currently in Effect from Central Freight Association Territory to Key West, Fla.

Commodities	Rates in Cents per 100 Pounds Except as Noted					
	To Gulf Ports from Central Freight Association Territory Groups [2]					
	1	2	3	4	5	6
Boots and shoes, in cases, strapped, any quantity	147½	147½	142	144½	142	137½
Cement, in bags or barrels, C. L.	21	24	18	19½	18½	16
Clay, fire or common, C. L.	33	33	30½	32½	30½	29½
Clay, fire or common, L. C. L.	47½	47½	45	46½	45	43½
Coffee, in bags, C. L.	43	43	41	42	41	39
Coffee, in bags, L. C. L.	52½	52½	50	52	50	47
Glassware, common, C. L.	74½	74½	72	73½	72	72
Glassware, common, L. C. L.	93	93	89½	91½	89½	86
Hay	..	..	..	..	..	..
Lead, pig, C. L.	768 [3]	768	722	756	722	689
Lead, pig, L. C. L.	971 [3]	971	915	948	915	870
Packing house products, C. L.	..	..	35	37	..	..

[1] Governed by the Official Classification.
[2] See Table 23.
[3] Per gross ton, 2,240 pounds.

TABLE 29

Commodity Rates from Central Freight Association Territory to Gulf Ports Other Than Key West, Fla.

Commodities	Rates in Cents per 100 Pounds					
	To Gulf Ports from Central Freight Association Territory Groups [2]					
	1	2	3	4	5	6
Boots and shoes, any quantity	..	..	..	..	..	..
Cement, C. L.	17½	20½	14½	16	15	12½
Coffee, C. L.	..	..	..	..	..	..
Coffee, L. C. L.	..	..	..	..	..	..
Glassware	..	..	..	..	..	..
Packing house products, C. L.	..	..	22	24	..	..
Hay	..	..	..	..	..	..
Lead, pig	..	..	..	..	..	..
Water, mineral	..	..	..	..	..	..

[1] Governed by the Official Classification.
[2] See Table 23.

sirable freight. Boots and shoes may be said to be undesirable freight for the reason that the carriers experience no little trouble on account of claims being filed for shortages in shipments of this kind, due to the pilfering of the cases after they have left the shipper's possession. Many water lines refuse to accept them unless they are strapped, corded, and sealed. This precaution is taken to safeguard themselves, as a case cannot be opened by anyone without the seal being destroyed, and the responsibility may readily be placed by determining in whose possession the case might have been when the seal was broken. Other objectionable commodities are treated in the same manner.

7. Class Rates to Cuban Outports

The class rates to Cuban outports, such as Cienfuegos, Santiago, Caibarien, Guantanamo, and others, are shown in Table 26, these rates being constructed by the addition of certain arbitraries to the rates currently in effect to Havana, Cuba.

8. Commodity Rates to Cuban Outports

The rates on commodities to the Cuban outports are also constructed by the addition of arbitraries to the rates currently in effect to Havana. These arbitraries are shown in Table 30.

The rates constructed on this arbitrary basis are applicable in connection with the Munson Steamship Company and the United Steamship Company, the rates via the

TABLE 30

Arbitraries to Cuban Outports [1]

To / Commodities	Rates[2] in Cents per 100 Pounds Except as Otherwise Provided														
	Banes [3]	Baracoa [3]	Cardenas [4,5]	Caibarien [4,5]	Chaparra [3]	Cienfuegos [5]	Gibara [3]	Guantanamo [4,5]	Manzanillo [5]	Matanzas [4,5]	Nipe [3]	Nuevitas [3]	Puerto Padre [3]	Sagua [4,5]	Santiago [3]
Beans, in bags or barrels	30.82	37.82	5	8	24.82	5	20.32	9	12	5	37.82	18.82	29.82	9	5
Beer, bottled, in casks or cases	....	....	5	7	.....	5	.....	8	12	5	.....	.....	.....	7	5
Beer, tonic	....	....	5	7	.....	5	.....	8	12	5	.....	.....	.....	7	5
Boots and shoes, in cases, strapped	70	70	10	12	65	10	62½	12	12	10	70	65	70	12	10
Box and crate material	....	....	5	8	.....	5	.....	9	12	5	.....	.....	.....	8	5
Cement	10	19½[6]	5	5	10	5	10½[6]	7	7	5	15[6]	12[6]	15	5	5
Condensed milk	30	35	5	8	24½	5	20	9	12	5	37	18½	29½	8	5
Hay	21	33	5	8	14	5	17½	12	12	5	23	17	19	8	5
Lead, pig	....	....	100[7]	150	....	50	....	150	150	100	....	....	....	150	50
Oil, illuminating	....	....	5[8]	6	....	5	....	9	9	5	....	....	....	6	5
Oil, red	15	28	5	8	12½	5	15	9	12	5	22	14½	17½	8	5
Potatoes	22½	37	5	8	17½	5	17½	12	12	5	28	17	22½	8	5

[1] Rates to the points shown above are the arbitraries given in the table higher than the Havana landed dock rate, and these rates do not apply in connection with the Southern Pacific Company and New Orleans-Havana Line. For rates see Tables 31 and 32.

[2] Governed by the Official Classification.

[3] Rates apply via Mobile, Ala., and Munson Steamship Line, subject to the following conditions:

Shipments are made in bond from Havana to destination, and Custom House entries are made by consignees at final delivery points.

The Herrera Steamship Line has a weekly service from Havana to above-mentioned ports, sailing Saturdays.

The delivery of cargo at Nipe is made on dock at Mayari, Antilla, Cagimaya, Saetia, or Preston, according to specification on bill of lading.

All through bills of lading covering shipments destined to any of above ports must bear the following clause, viz.:

Shipments also subject to conditions of Herrera Line B. L. beyond Havana.

When shipments are made for above-mentioned ports, shippers are requested to take out insurance accordingly, that is, for reshipment from Havana via Herrera Steamship Line.

All shipments must be prepaid through.

[4] EXCEPTIONS.—When in connection with the United Steamship Company, traffic to these points is subject to sufficient cargo being offered and special booking of steamer room. The Munson Steamship Company has direct sailings from Mobile to Caibarien, Cardenas, Cienfuegos, Guantanamo, Manzanillo, Matanzas, Sagua, and Santiago.

[5] When in connection with the Munson Steamship Line rate applies on traffic by direct steamers only.

[6] Rate applies via United Steamship Company only.

[7] Per gross ton, 2,240 pounds.

[8] Per case.

Southern Pacific Company being specifically published, as is indicated in Tables 31 and 32, which show some of the commodity rates currently in effect via the Southern Pacific Company and Atlantic Steamship Lines to the aforesaid Cuban outports. A comparison of these rates with the rates to Havana plus the arbitraries shown in Table 30 will indicate that they are on the same basis. For example, the rate on boots and shoes from Mobile or New Orleans to Havana is $1.10. The arbitrary shown in Table 30 applicable on boots and shoes destined to Guantanamo is 12 cents, making a through rate in connection with the Munson Steamship Company or the United Steamship Company of $1.22 from New Orleans to Guantanamo. This is the same rate as that published by the Southern Pacific Company-Atlantic Steamship Lines as a through rate.

Through rates from interior points in the United States are constructed in much the same manner as are the rates to Havana, Cuba, that is, by a combination of the rates to the ports with the rates from the ports plus the arbitraries, if via the Munson Steamship Company or the United Steamship Company, or plus the through ocean rates, if via the Southern Pacific Company-Atlantic Steamship Lines. The following is an illustration, assuming the movement to be cement in carload quantities from Toledo, Ohio, to Guantanamo, Cuba.

VIA MUNSON STEAMSHIP COMPANY OR UNITED STEAMSHIP COMPANY

Rate from Toledo (Group 2) to New Orleans or Mobile	20½	cents per cwt.
Rate from New Orleans or Mobile to Havanna	12½	cents per cwt.
Arbitrary, Guantanamo over Havana	7	cents per cwt.
Through rate	40	cents per cwt.

VIA SOUTHERN PACIFIC COMPANY—ATLANTIC STEAMSHIP LINES

Rate from Toledo (Group 2) to New Orleans or Mobile	20½	cents per cwt.
Ocean rate, New Orleans to Guantanamo	23½	cents per cwt.
Through rate	44	cents per cwt.

9. MINIMUM CHARGE

On small shipments, the minimum charge applicable via the various routes, that is, via Key West or other Gulf ports, has some bearing on the lowest charges obtainable. In so far as applied to the inland proportional rates applicable to Key West or other Gulf ports, the minimum charge is that for the actual weight at tariff rate applicable to Mobile or New Orleans, but in no case less than $1. The minimum charge from the Gulf ports, except Key West, to Havana or to the outports, when forwarded via direct steamers, is $3.25; from Key West the minimum charge is $2.75; when forwarded to the outports via Havana, this is, transshipped at that point via the route shown in the table, the minimum charge is $5.25; and when forwarded from Havana in connection with the Cuban Railways, the minimum charge to Cardenas and Matanzas is $5 and to Caibarien and Sagua $6.

TABLE 31

COMMODITY RATES [1] IN EFFECT FROM NEW ORLEANS, LA.,[3] AND GALVESTON, TEX.,[4] TO CUBAN OUTPORTS

COMMODITIES	RATES[2] IN CENTS PER 100 POUNDS EXCEPT AS NOTED										
	FROM NEW ORLEANS, LA., AND GALVESTON, TEX., TO										
	Banes	Baracoa	Caibarien	Chaparra	Gibara	Guantanamo	Sagua	Nipe	Nuevitas	Puerto Padre	Santiago de Cuba
Bags and bagging, burlap, compressed in bales	37.5	55	27	37.5	37.5	29.5	27	44.5	38.5	42.5	25.5
Beans, in bags or barrels	55.82	62.82	33	49.82	45.32	42.82	33	62.82	42.82	54.82	39.82
Boots and shoes in cases, strapped	180	180	122	175	172½	122	122	180	175	180	120
Bran, in bags	40½	51	29	34½	38	37	29	43	37½	30½	39½
Brandy, in bottles, boxed	110	115	87	104½	100	87	87	117	98½	100½	85
Butter, butterine, and oleomargarine	69	81½	47	59	61½	47	47	67½	59	64½	43
Cement, in bags or barrels	22½	32	23½	22½	23	23½	23½	27½	24½	27½	29½
Codfish, in boxes	72	87	57	67½	67½	57	57	78	65	72½	55
Coffee, in bags	60	65	38	55	52½	47	38	67	60	60	44½
Condensed milk	60	65	38	54½	50	47	38	67	48½	59½	44½
Corn, in bags	38	45	29	33	36½	37	29	41	36	38	39½
Feed, in bags	40½	51	29	34½	38	37	29	43	37½	39½	39½
Fertilizers[5]	616	885	542	661	672	500	542	773	695	728	646
Figs, dry	135	149	82	129	112½	82	82	149	112	134	80
Flour	45½	56	28	40½	43	37	28	51	42½	45½	39½

[1] Rates named in this table apply only on the commodities specified.

[2] Governed by the Official Classification.

[3] Rates shown above apply via the Southern Pacific Company-Atlantic Steamship Lines (New Orleans-Havana [illegible]), in connection with the Herrera Steamship Company.

[4] Rates shown above apply via United Steamship Company service in connection [illegible] with the Herrera Line, United Steamship Company's option to transship at either Havana or Santiago de [illegible] except when combination based on arbitraries to outports makes [illegible] than direct [illegible] [illegible] by special booking of steamer room.

The minimum charge, in so far as the rates to the ports are concerned, eliminates the application of the Official Classification rule, which provides that the minimum charge is for 100 pounds at the first-class rate and permits of the application of a lower basis for charges. Assuming the movement to be a shipment of 90 pounds of first-class merchandise moving from Buffalo, N. Y., the minimum charge via the several routes would be as follows:

VIA NEW ORLEANS, LA.

90 lbs. at 75c=68c, which is less than required minimum of $1.

Minimum rate from Buffalo to New Orleans	$1.00
Rate from New Orleans to Havana	3.25
Through minimum charge to Havana	$4.25

VIA KEY WEST, FLA.

90 lbs. at $1.27=$1.14, which is above the required minimum and is therefore applied as the charge to Key West.

Rate from Buffalo to Key West	$1.14
Rate from Key West to Havana	2.75
Through minimum charge to Havana	$3.89

The minimum charge from New Orleans would also apply to Cuban outports provided the shipment was forwarded via direct steamer. If, however, the shipment was forwarded via the water route to Santiago de Cuba and transshipped at Havana, the minimum charge via New Orleans would be $6.25. If forwarded via the rail-ocean-and-rail lines, using the ocean line to Havana in connection with the Cuban Railway, the minimum charge

TABLE 32

COMMODITY RATES IN EFFECT FROM GALVESTON, TEX.,[1] MOBILE, ALA.,[2] AND NEW ORLEANS, LA.,[3] TO CUBAN OUTPORTS

Commodities	From Galveston, Tex., Mobile, Ala., and New Orleans, La., to							
	Sagua		Caibarien		Matanzas		Cardenas	
	Rates in Dollars and Cents per Kilo Ton	Rates in Cents per 100 Pounds Except as Noted	Rates in Dollars and Cents per Kilo Ton	Rates in Cents per 100 Pounds Except as Noted	Rates in Dollars and Cents per Kilo Ton	Rates in Cents per 100 Pounds Except as Noted	Rates in Dollars and Cents per Kilo Ton	Rates in Cents per 100 Pounds Except as Noted
Agricultural Implements, Plows, and Cultivators, K. D., and parts	7.05	32	7.05	32	6.61	30	6.61	30
Agricultural Implements, K. D., cultivating (except hand, gang and sulky plows and wheeled scrapers)	9.26	42	9.26	42	8.82	40	8.82	40
Agricultural Implements, N. O. S., K. D., crated or boxed	14.77	67	14.77	67	14.33	65	14.33	65
Apples, in barrels, any quantity	12.57	57	12.57	57	12.13	55	12.13	55
Asbestos boiler covering, any quantity	12.57	57	12.57	57	12.13	55	12.13	55
Bean oil, for cooking purposes	6.61	30	6.61	30	6.17	28	6.17	28
Beans, in bags or barrels, any quantity	7.27	33	7.27	33	6.61	30	6.61	30
Bee hives, K. D	10.36	47	10.36	47	9.92	45	9.92	45
Beer, in bottles, packed in barrels or cases, any quantity	8.15	37	8.15	37	7.72	35	7.72	35
Boots and shoes, cases, strapped	26.89	122	26.89	122	26.45	120	26.45	120
Bran and feed, in bags, minimum weight 10,000 kilos or 22,046 lbs	6.39	29	6.39	29	6.17	28	6.17	28
Brick, all kinds	5.73	26	5.73	26	5.51	25	5.51	25

TABLE 32—Continued

Commodity Rates in Effect from Galveston, Tex.,[1] Mobile, Ala.,[2] and New Orleans, La.,[3] to Cuban Outports

Commodities	From Galveston, Tex., Mobile, Ala., and New Orleans, La., to							
	Sagua		Caibarien		Matanzas		Cardenas	
	Rates in Dollars and Cents per Kilo Ton	Rates in Cents per 100 Pounds Except as Noted	Rates in Dollars and Cents per Kilo Ton	Rates in Cents per 100 Pounds Except as Noted	Rates in Dollars and Cents per Kilo Ton	Rates in Cents per 100 Pounds Except as Noted	Rates in Dollars and Cents per Kilo Ton	Rates in Cents per 100 Pounds Except as Noted
Broom corn, in bales, any quantity	20.28	92	20.28	92	19.84	90	19.84	90
Broom handles	....	..	....	..	7.72	35	7.72	35
Butter, butterine, and oleomargarine	10.36	47	10.36	47	9.92	45	9.92	45
Cabbages, in crates or barrels	12.57	57	12.57	57	12.13	55	12.13	55
Candles	7.72	35	7.72	35	7.27	33	7.27	33
Canned goods	8.15	37	8.15	37	7.72	35	7.72	35
Chemicals (non-explosive)	16.98	77	16.98	77	16.53	75	16.53	75
Coffee, in bags	8.37	38	8.37	38	7.72	35	7.72	35
Condensed or evaporated milk	8.37	38	8.37	38	7.72	35	7.72	35
Corn, in bags, minimum weight 10,000 kilos or 22,046 lbs	6.39	29	6.39	29	6.17	28	6.17	28
Corn meal, minimum weight 10,000 kilos or 22,046 lbs	6.39	29	6.39	29	6.17	28	6.17	28

[1] Rates shown above apply via the United Steamship Company in connection with the Cuban Central Railways, Ltd., and United Railways of Havana only.

[2] Rates shown above apply via Munson Steamship Line in connection with the United Railways of Havana only.

[3] Rates shown above apply via the Southern Pacific Company—Atlantic Steamship Lines (New Orleans-Havana Line) in connection with the Cuban Railways, Ltd., and United Railways of Havana only.

to Cardenas and Matanzas would be $6, while to Caibarien and Sagua the minimum charge would be $7.

10. Marine Insurance

The rates to Cuban ports do not include marine insurance and shippers must arrange with the steamship company for this feature if they so desire. The current rate of insurance from Mobile and New Orleans to Havana is 20 cents per $100 when insured under the open policy of these lines, and when shipments are transshipped at Havana to other Cuban outports, shippers must arrange for the insurance covering that portion of the voyage.

11. Rates from Ohio and Mississippi River Points and Related Points Published by the Western Trunk Line Roads

The inland proportional rates applicable on Cuban traffic from the points previously set forth are those published by the Central Freight Association lines through their agent, Mr. Eugene Morris. The rates set forth in Table 33 are those published by the Western Trunk Line Association and in some instances they apply from the same points as the Central Freight Association issue. Thus, for example, we find rates published from Indianapolis, Ind. This is brought about by the fact that some of the lines serving Indianapolis are members of the Central Freight Association, such as the Cincinnati, Hamilton & Dayton Railway, the Cleveland, Cincinnati, Chicago & St. Louis Railway, the Lake Erie & Western Railroad, and the Vandalia Railroad, while

others are members of the Western Trunk Line Committee. The policy of the carriers is to confine the publication of rates to as few bureaus as possible.

12. Grouping of Territory

The territory from which the proportional rates are established is assigned to various groups, as is the case in the construction of rates to Western Trunk Line and Southwestern Committee territories. The borders vary somewhat from the ones used in those adjustments, however. The groups are designated as the Chicago, Peoria, St. Louis, Evansville, La Crosse, Milwaukee, Springfield, Cincinnati, Cairo, Dubuque, Indianapolis, Louisville, and Detroit groups.

13. Proportional Class Rates to Key West, Fla.

The rates currently in effect from these groups to Key West, Fla., are indicated in Table 33.

These class rates may be used in connection with the class rates of the ocean carriers operating from Key West to Havana as shown in Table 26, through rates being constructed in the same manner as was illustrated in the case of the Central Freight Association points.

In Table 34 is given rates on selected commodities from the same originating groups shown in Table 33 to Key West, Fla., on traffic destined to Cuban points.

TABLE 33

PROPORTIONAL CLASS RATES FROM VARIOUS WESTERN TRUNK LINE GROUPS TO KEY WEST, FLA., ON TRAFFIC DESTINED TO HAVANA, CUBA

To Key West, Fla., From	Rates in Cents per 100 Pounds							
	Classes[1]							
	1	2	3	4	5	6	R25	R26
Chicago (Group 1)	130.8	112.3	88.5	65.3	56	46.8	98.1	74.5
Milwaukee (Group 2)	130.8	112.3	88.5	65.3	56	46.8	98.1	74.5
Dubuque (Group 3)	136.8	117.3	92.5	68.3	58	48.8	102.3	77.7
Peoria (Group 4)	127.8	110.3	88	64.3	55	46.3	96.4	74.1
Springfield (Group 5)	125.3	107.5	84.8	62.7	53.8	45	94	71.5
Indianapolis (Group 6)	125.3	107.5	84.8	62.7	53.8	45	94	71.5
St. Louis (Group 7)	120.6	103.4	81.7	60.5	51.9	43.4	90.5	69.1
Cincinnati (Group 8)	120.6	103.4	81.7	60.5	51.9	43.4	90.5	69.1
Louisville (Group 9)	120.6	103.4	81.7	60.5	51.9	43.4	90.5	69.1
Evansville (Group 10)	120.6	103.4	81.7	60.5	51.9	43.4	90.5	69.1
Cairo (Group 11)	120.6	103.4	81.7	60.5	51.9	43.4	90.5	69.1
Detroit (Group 12)	130.8	112.3	88.5	65.3	56	46.8	98.1	74.5
La Crosse (Group 13)	167.6	139.4	103.7	80.5	65.9	57.4	121.3	86.7

[1] Governed by the Official Classification and exceptions thereto, issued by Eugene Morris and W. H. Hosmer, Agents.

It might be well in passing to call attention to the fact that through rail connection from interior points in the United States to Key West, Fla., has been established, the East Coast route having constructed a roadbed on a causeway connecting various of the Florida Keys.

TABLE 34

Proportional Commodity Rates from Various Western Trunk Line Groups to Key West, Fla., on Traffic Destined to Havana, Cuba

Commodities	Rates in Cents per 100 Pounds From Western Trunk Line Groups as Indicated												
	Chicago	Milwaukee	Dubuque	Peoria	Springfield	Indianapolis	St. Louis	Cincinnati	Louisville	Evansville	Cairo	Detroit	La Crosse
Boots and shoes, in cases, strapped, any quantity.	151.3	151.3	157.3	148.3	145.8	145.8	141.3	141.3	141.3	141.3	141.3	151.3	188.3
Brick, all kinds, O. R. B., straight or mixed carloads, min. wt. 40,000 lbs.	27.1	29.1	29.1	27.1	27	27	25	25	25	23	21	29.1	....
Chimneys (glass), lamp, C. L., min. wt. 15,000 lbs. (subject to Rule 27), C. L.....	99.5	99.5	103.5	99	96	96	93	93	93	93	93	99.5	115
L. C. L.....	123.8	123.8	129.8	120.8	118.3	118.3	113.8	113.8	113.8	113.8	113.8	123.8	160.8
Hay, C. L., min. wt. 20,000 lbs.	44.5	46	46	41	40	40	38	40	38	36	33	46	55
Wheelbarrows, K. D., L. C. L.	88.3	88.3	93.3	86.3	83.5	83.5	79.4	79.4	79.4	79.4	79.4	88.3	115.4

CHAPTER VII

REGULATION

1. Jurisdiction of Federal Government over Water Carriers

The question of federal control over foreign commerce has been raised from time to time in the past, and it is generally conceded that Congress assumed control over commerce between the United States and foreign countries under the Commerce Clause in the Federal Constitution, which provides "that Congress shall have power to regulate commerce with foreign nations." This view was sustained as early as February 18, 1793, by the Supreme Court of the United States.

At the time, however, that the Constitution of the United States was drafted, the conditions applying to the transportation of property were greatly dissimilar from those of later years. The majority of our commerce, both foreign and internal, was transported by vessels upon the high seas and by barges and tow-boats on the inland waterways. Very few stage or wagon roads of any importance or length existed and those that were constructed led from the towns and settlements located on the navigable waters to the woods and developing interior settlements.

The stage routes of those days did not engage in the transfer of property to any great extent inasmuch as their capacity was taxed to the utmost in the conveyance

of passengers between the various points that they reached.

When the traffic was handled by land, however, the service was performed entirely on common roads and in vehicles drawn by animal power. No one at that time imagined that the roads and bridges of the country (except when the latter crossed navigable streams) were not entirely subject as to their construction, repair, and management to state regulations and control. At the same time, it was not supposed that the wagons of the country, which were the vehicles of this commerce, or the horses by which they were drawn were subject to national regulation.

Some of the early statesmen held this same view with respect to the construction of our first railroad, viz., that while the right of way was subject to state and federal legislation, the vehicles themselves were exempt from any regulations. This view did not obtain for any great length of time and the federal right of control was conceded at an early date.

2. The Act to Regulate Commerce as Applied to Foreign Commerce

In opening the debate on April 14, 1886, the Chairman of the Senate Select Committee, explaining the bill for the regulation of commerce, for the information of the United States Senate, said:

> While the provisions of the bill are made to apply mainly to the regulation of the interstate commerce, in order to regulate such commerce fairly and effectively it has been deemed necessary to extend its application also to certain classes of foreign

commerce which are intimately intermingled with interstate commerce, such as shipments between the United States and adjacent countries by railroad, and the transportation by railroad of shipments between points in the United States and ports of transshipment or of entry, when such shipments are destined to or received from a foreign country on through bills of lading. To avoid any uncertainty as to the meaning of these provisions in regard to what may be at the same time in some instances State and foreign commerce, it is expressly provided that the bill shall not apply to the transportation of properties wholly within one State and not destined to or received from a foreign country.

This section of the Act was enacted by both houses of Congress substantially as reported by the Committee, and while the scope of some of its provisions has been enlarged by subsequent amendments, its effect in so far as this particular traffic is concerned remains unchanged.

For the purpose of giving the Commission's remarks in connection with several cases involving its jurisdiction over foreign commerce, conferred by Section 1 of the Act, this section is reproduced as follows:

The provisions of the act shall apply to any corporation or any person or persons engaged in the transportation of oil or other commodity, except water and except natural or artificial gas, by means of pipe lines, or partly by pipe lines and partly by railroad, or partly by pipe lines and partly by water, who shall be considered and held to be common carriers within the meaning and purpose of this act, and to any common carrier or carriers engaged in the transportation of passengers or property wholly by railroad (or partly by railroad and partly by water when both are used under a common control, management, or arrangement for a continuous carriage or shipment), from one state or territory of the United States, or the District of Columbia, to any other state or territory of the United States, or the District of Columbia, or from one place in a territory to another place in the same territory, or from any place in the United States to an

adjacent foreign country, or from any place in the United States through a foreign country to any other place in the United States, and also to the transportation in like manner of property shipped from any place in the United States to a foreign country and carried from such place to a port of transshipment, or shipped from a foreign country to any place in the United States and carried to such place from a port of entry either in the United States or an adjacent foreign country: Provided, however, that the provisions of this act shall not apply to the transportation of passengers or property, or to the receiving, delivering, storage, or handling of property, wholly within one state and not shipped to or from a foreign country from or to any state or territory as aforesaid.

One of the most celebrated cases of recent years was the so-called "Baltic Pool," which was comprised of several of the larger trans-Atlantic lines, namely, the Hamburg-American Company, North German-Lloyd Company, the Wilson (Hull Line), and the Scandanavian-American, all serving ports on the Baltic Sea. It was alleged by a competing line (the Cosmopolitan Shipping Company) that the Baltic lines, by means of a preferential agreement with the carriers, secured the bulk of the traffic to, from, and via ports on the Baltic Sea. It was contended that this was an illegal pooling of freights under the Act to Regulate Commerce, that the monopoly of the Hamburg-American Packet Company and others was unlawful, and that it tended to decrease competition and to advance illegally transportation charges. The Commission was requested to prescribe such rules and regulations in lieu of those existing at that time over the defendants' lines as would in the future operate to prevent the continuance of the exactions, unjust discriminations, undue and unreasonable

prejudice and disadvantage to which the complainant was at that time subjected.

The point raised in this allegation, as may be seen, was the jurisdiction of the Interstate Commerce Commission over ocean carriers engaged in the transportation of shipments moving to or from points in the United States and destined to or originating at foreign countries not adjacent to the United States.

From a perusal of this section of the Act to Regulate Commerce, it may be observed that traffic from ports of export to foreign ports and from foreign ports to American ports of entry is exempted, and that it naturally follows that over such traffic the Interstate Commerce Commission should have no jurisdiction. Further than this, the uniform interpretation of the law is that an all-water carrier engaged in transporting freight originating at New York or at New Orleans may engage in such traffic between such ports without filing its rate with the Interstate Commerce Commission.

Likewise, steamship lines plying between Pacific coast ports or carriers transporting freight between ports on the Great Lakes or river carriers operating on the inland waterways, as long as they are independent and are not controlled or managed by the same interest controlling a rail line and in the absence of an arrangement for continuous carriage under joint rates, are exempted from the provisions of the Act. When, however, such lines enter into an agreement and establish joint rates for the continuous movement of freight from port to port in connection with certain rail lines, to or from the respective ports, then the water lines become subject to all of the provisions mandatory and prohibitory of the Act to Regulate Commerce.

This being the case in so far as our domestic commerce was concerned, the complainant asked that our foreign commerce be measured by the same rule, and that on shipments transported under a common arrangement with rail carriers that the ocean carriers be made subject to the Act. In disposing of this point, the Interstate Commerce Commission said, in part:

> It would be a far cry, indeed, to say that a railroad in France which makes itself part of a through route from Chicago to Paris becomes subject to the interstate commerce act because a railroad in Georgia, by accepting through billing of interstate commerce, has been held to be a carrier described in section 1 of the act to regulate commerce. Yet such would be the logical conclusion of complainant's contention were all export and import commerce moving by rail and water governed by the same rule as applies to interstate traffic; for if through billing determines jurisdiction, then all carriers participating therein become subject to regulation by Congress.
>
> The jurisdiction of this Commission is not to be determined by anything other than the language of section 1 of the act, and in this section we find a clear distinction drawn as between interstate commerce and foreign commerce to a country not adjacent to the United States; and this distinction, in our opinion, saves such foreign commerce from the effect of that provision of the section as to continuous carriage beyond the American seaboard. The Commission may regulate interstate traffic, whether by rail or by a combined rail-and-water route, from point of receipt to point of delivery; but the Commission in its control over foreign commerce is limited to the regulation of such traffic, whether by railroad or by a combination of rail and water carriers, from and to the point of transshipment.[1]

The proper construction placed upon Section 1 of the Act to Regulate Commerce gives the Interstate Commerce

[1] 13 I. C. C. Rep., 271.

Commission jurisdiction only over the inland portions of the haul on such shipments as are destined to foreign countries. Indeed, as the law is read, that is, the entire Act to Regulate Commerce, every provision by which discrimination may be punished or rebating or any other evil at which the law is aimed, assumes that the Act condemned shall have been committed within the United States and the law takes no cognizance whatever of the possibility of applying it to common carriers or individuals who are outside the jurisdiction of our courts.

Generally speaking, the affairs of carriers operating upon the high seas are subject to the jurisdiction of the Admiralty Courts, the scope of whose jurisdiction in the United States only includes maritime causes or such as arise out of commerce and navigation upon the high seas or navigable waters of the United States. This jurisdiction rests solely upon the Constitution of the United States and is not dependant upon and cannot be enlarged or abridged by Congress under its power to regulate commerce between the states and foreign nations.[2]

The Commission, not having been given control over the ocean carriers, cannot compel observance of the law by such carriers and, if they so choose, they may alter their rates at such times or for such patrons as they please. Therefore, the line must be drawn decisively between those carriers whose rates and practices this Commission can control and those which it cannot control. Upon this line of reasoning it has been the consistent ruling of the Commission that joint rates can-

[2] The Belfast, 7 Wall (U. S. 624, 19 L. Ed., 266).

not be made over carriers subject to the Act and those not subject to the Act.

The Federal Government has said that this Commission shall exercise jurisdiction over the inland portion of the haul, either to or from the foreign country; and it must logically and necessarily follow that the rate which must be filed with the Commission under section 6 of the act is the rate governing such movements. On foreign commerce the rate to be published with this Commission should be the rate to the port and from the port—an open rate, which any who desire to do so may use with equal advantage. The publication of such rate does not in any manner limit the very valuable privilege of through billing. Such through billing should clearly separate the liability of the rail and the ocean carrier and show the published rate of the inland carrier. The routing of the freight, however, should remain with the shipper, and upon him may be imposed no greater charge to the port when his freight goes by one ocean line than by another, and this rate to the port the tariffs must disclose.[3]

[3] 13 I. C. C. Rep., 281.

CHAPTER VIII

EXPORT AND IMPORT RATES VS. DOMESTIC RATES

The question of the propriety of a lower rate on export or import traffic than is concurrently in effect on domestic traffic of the same character and kind has frequently been questioned. While the question has not been definitely settled for all time, it is interesting to review the remarks of the Interstate Commerce Commission with respect to this phase of the traffic, as it had held previously that no circumstances and conditions which existed beyond the seaboard in the United States could be regarded legitimately by them for the purpose of justifying a difference in rates between those applicable on import traffic and those applicable on domestic traffic.

On the other hand, the carriers called attention to the numerous routes that were available for the forwarding of the world's commerce via the various American ports of entry and export, as well as between the port cities themselves. There were facts, although admitted by the Commission to be true, that it was unable to recognize inasmuch as it was shut up by the terms of the Act to Regulate Commerce to consider only such circumstances and conditions as pertained to the articles of traffic after they had reached and been delivered to a port of the United States or Canada.

The act to regulate commerce will be examined in vain to find

any intimation that there shall be any difference made in the tolls, rates, or charges for, or any difference in the treatment of home and foreign merchandise in respect to the same or similar service rendered in the transportation when this transportation is done under the operation of this statute. Certainly it would require a proviso or exception plainly engrafted upon the face of the act to regulate commerce before any tribunal charged with its administration would be authorized to decide or hold that foreign merchandise was entitled to any preference in tolls, rates, or charges made for, or any difference in its treatment for, the same or similar service as against home merchandise. Foreign and home merchandise, therefore, under the operation of this statute, when handled and transported by interstate carriers, engaged in carriage in the United States, stand exactly upon the same basis of equality as to tolls, rates, charges, and treatment for similar services rendered. The business complained of in this proceeding is done in the shipment of foreign merchandise from foreign ports to ports of entry of the United States, or through ports of entry in a foreign country adjacent to the United States, to points of destination in the United States, upon through bills of lading.[1]

This was the original stand taken by the Interstate Commerce Commission in formulating its order of January 29, 1891, which it was subsequently called upon to review. As an illustration of the evolution of import rates, the following extract from the Commission's report is pertinent.

The defendant company admitted that, as a scheme or mode of obtaining foreign traffic, it had agencies by which, and by the use of through bills of lading, it secured shipments of merchandise from Liverpool and London and other European ports to San Francisco and to other inland ports named. It alleged that, in order to get this traffic, it was necessary to give through rates from the places of shipment to the places of final destina-

[1] 4 I. C. C. Rep., 512, 516. 3 I. C. C. Rep., 443, 444.

tion, and that, in fixing said rates, it was controlled by an ocean competition in sailing and steam vessels by way of the Isthmus and around the Horn, and also, to some extent, by competition through the Canada route to the Pacific coast. These rates, so fixed and controlled, left to the defendant company and to the Southern Pacific Company, as their share of the charges made and collected, less than the local charges of said companies in transporting similar merchandise from New Orleans to San Francisco, and so, too, as to foreign merchandise carried to other inland points. The defendant further alleged that unless it used said means to get such traffic merchandise to the Pacific coast would none of it reach New Orleans, but would go by the other means of transportation; that neither the community of New Orleans nor any merchant or shipper thereof was injured or made complaint; that the traffic thus secured was remunerative to the railway company and was obviously beneficial to the consumers at the places of destination, who were thus enabled to get their goods at lower rates than would prevail if this custom of through rates was destroyed. * * * The Commission justified its action wholly upon the construction put by it on the act to regulate commerce, as forbidding the Commission to consider the "circumstances and conditions" attendant upon foreign traffic as such "circumstances and conditions" as they are directed in the act to consider. The Commission thought it was constrained by the act to regard foreign and domestic traffic as like kinds of traffic under substantially similar circumstances and conditions, and that the action of the defendant company in procuring through traffic that would, except for the through rates, not reach the port of New Orleans, and in taking its pro rata share of such rates, was an act of "unjust discrimination," within the meaning of the act. * * *

In so construing the act we think the Commission erred.

As we have already said, it could not be supposed that Congress, in regulating commerce, would intend to forbid or destroy an existing branch of commerce, of value to the common carriers and to the consumers within the United States. Clearly, express language must be used in the act to justify such a supposition.

So far from finding such language, we read the act in question

to direct the Commission, when asked to find a common carrier guilty of a disregard of the act, to take into consideration all the facts of a given case—among which are to be considered the welfare and advantage of the common carrier, and of the great body of the citizens of the United States to constitute the consumers and recipients of the merchandise carried; and that the attention of the Commission is not to be confined to the advantage of shippers and merchants who deal at or near the ports of the United States, in articles of domestic production. Undoubtedly the latter are likewise entitled to be considered; but we cannot concede that the Commission is shut up by the terms of this act to solely regard the complaints of one class of the community. We think that Congress has here pointed out that, in considering questions of this sort, the Commission is not only to consider the wishes and interests of the shippers and merchants of large cities, but to consider also the desire and advantage of the carriers in securing special forms of traffic, and the interests of the public that the carriers should secure that traffic, rather than abandon it, or not attempt to secure it. It is self-evident that many cases may and do arise where, although the object of the carriers is to secure the traffic for their own purposes and upon their own lines, yet nevertheless, the very fact that they seek, by the charges they make, to secure it, operates in the interests of the public. * * *

The conclusions that we draw from the history and language of the act, and from the decisions of our own and the English courts, are mainly these: That the purpose of the act is to promote and facilitate commerce by the adoption of regulations to make charges for transportation just and reasonable, and to forbid undue and unreasonable preferences or discriminations. That, in passing upon questions arising under the act, the tribunal appointed to enforce its provisions, whether the Commission or the courts is empowered to fully consider all the circumstances and conditions that reasonably apply to the situation, and that, in the exercise of its jurisdiction, the tribunal may and should consider the legitimate interests as well of the carrying companies as of the traders and shippers, and in considering whether any particular locality is subjected to an undue preference or dis-

advantage the welfare of the communities occupying the localities where the goods are delivered is to be considered as well as that of the communities which are in the locality of the place of shipment. That among the circumstances and conditions to be considered, as well in the case of traffic originating in foreign ports as in the case of traffic originating within the limits of the United States, competition that affects rates should be considered, and in deciding whether rates and charges made at a low rate to secure foreign freights which would otherwise go by other competitive routes are or are not undue and unjust, the fair interests of the carrier companies and the welfare of the community which is to receive and consume the commodities are to be considered. That if the Commission, instead of confining its action to redressing, on complaint made by some particular person, firm, corporation, or locality, some specific disregard by common carriers of provisions of the act, proposes to promulgate general orders, which thereby become rules of action to the carrying companies, the spirit and letter of the act require that such orders should have in view of the purpose of promoting and facilitating commerce, and the welfare of all to be affected, as well the carriers as the traders and consumers of the country.[2]

Evidence was introduced by several of the carriers, illustrating the effects following the issuance of the order by the Interstate Commerce Commission for them to desist from charging less on import and export traffic than was charged on the same kind of domestic traffic. The exhibits tending in all instances to show a substantial decrease in the volume of traffic handled.

In referring to the decision of the United States Supreme Court, to which tribunal the order of the Commission was appealed by the carriers, the Interstate Commerce Commission states in a somewhat later case as follows:

[2] I. C. C. Rep., 422, 437.

* * * The court treated the entire field of foreign commerce as a class different from domestic commerce. It did not undertake, nor was there involved, the determination of the propriety of different import rates where the points of origin were not the same, and we do not think the language of that opinion fairly may be considered to impose upon this Commission the impossible burden of examining into the circumstances and conditions that may affect transportation from every conceivable point on the globe to points in the United States. Few carriers publish the same export rates on traffic for Europe as for South or Central America, but except in the instant case we are not now aware of any publication of varying export rates on traffic for a single foreign country. It may be, and upon this point we express no opinion, that we properly can consider the comparative differences in conditions affecting transportation for Europe and South America, for this is within the realms of practicability, but to say that we must determine whether the difference in conditions attaching to transportation to every point in England is sufficient to justify different export rates is to cast upon us the duty of inquiring into the circumstances affecting the transportation of property by the English railroads. * * *[3]

YOUNGSTOWN TERRITORY

That territory beginning at Point Edward, Ont., and thence on and south of the Grand Trunk Ry., main line, Sarnia, to but not including Niagara Falls, via London, Ont.; thence north of the Niagara River to but not including Buffalo, N. Y.; thence west of the Buffalo, Rochester & Pittsburgh Ry. to but not including Salamanca, N. Y.; thence west of the Erie R. R. to but not including Falconer Junction, N. Y.; thence west of the Dunkirk, Allegheny Valley & Pittsburgh R. R. to but not including Warren, Pa.; thence west of the Western New York & Pennsylvania R. R. to but not including Oil City, Pa.; thence via the Allegheny River to but not including Franklin, Pa.; thence via an imaginary line immediately west of the Allegheny River to but not including Butler, Pa.; thence west of

[3] 23 I. C. Rep., 469, 470.

the Baltimore & Ohio R. R. to but not including Allegheny, Pa.; thence to but not including Pittsburgh or McKees Rock, Pa.; thence west of the Baltimore & Ohio R. R. to but not including Wheeling, W. Va.; thence south via an air line to Cannelton, W. Va.; thence via the Chesapeake & Ohio R. R. to a point just east of Ashland, Ky.; thence following the south bank of the Ohio River to a point opposite Pomeroy, Ohio; thence north, just east of Pomeroy, Ohio, and the Toledo & Ohio Central Ry., east of Athens to a point just east of New Lexington, Ohio; thence east of the Cincinnati & Muskingum Valley Ry. to a point just east of Zanesville, Ohio; thence east of the Wheeling & Lake Erie R. R. to a point just east of Coshocton, Ohio; thence east, just south of the Pittsburgh, Cincinnati, Chicago & St. Louis Ry., south of New Comerstown, to a point just south and east of Uhrichsville, Ohio; thence north, just east of the Cleveland, Lorain & Wheeling Ry., to a point just east of Canal Dover, Ohio; thence east of the Pennsylvania Co. to a point just south and east of Valley Junction, Ohio; thence north, just east of the Baltimore & Ohio R. R., to a point just east of Canton, Ohio; thence east of the Pennsylvania Co. and east of Alliance and Ravenna to a point just east of a junction with the Wheeling & Lake Erie R. R., north of Earlville, Ohio; thence east of the Wheeling & Lake Erie R. R. to a point east of Bedford, Ohio; thence east of the Pennsylvania Co. and east of Newburgh and Woodland to a point just north and east of Cleveland, Ohio, but not including Collinwood, Ohio; thence via but not including the south and west shores of Lake Erie and the Detroit River to a point just east of Detroit, Mich.; and thence via but not including the west shore of Lake St. Clair and the St. Clair River to and including Point Edward, Ont.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent to the University.

1. Define foreign commerce. Into what divisions may it be assigned?
2. Under what circumstances may Chicago, Ill., be classed as a port of entry?
3. Is the term "foreign countries" uniform in all cases?
4. How, as a general rule, are rates to countries not adjacent to the United States published?
5. Are the rates from Central Freight Association Territory to points in the Dominion of Canada filed with the Interstate Commerce Commission?
6. May the rates on export or import traffic exceed those on like domestic traffic?
7. What influences must the lines serving the North Atlantic ports consider in constructing import rates to points in the Middle West?
8. What would be the rate on clay from Boston to an 80 per cent point?
9. Compare the domestic class rates on import traffic with the rates on domestic traffic from Portland, Me., to Chicago, Ill.
10. In general, is the same basis employed in establishing commodity rates from other Atlantic ports?
11. How are the rates to points in Illinois and Wisconsin constructed on traffic imported by way of Gulf ports?
12. What are the class rates from Mobile, Ala., to St. Paul, Minn.?
13. What is the rate on wood pulp from Galveston, Tex., to Freeport, Ill.?
14. On commodities taking less than the sixth-class rate, what class differential is deducted in establishing through rates?
15. Is the grouping employed in the construction of rates to Missouri River Territory similar to that employed on domestic traffic?
16. Upon what basis are class rates via Atlantic ports, such as from New York to Kansas City, Kan., constructed?
17. Upon what differentials are rates to Lincoln, Neb., made over the rates on like traffic to Kansas City, Kan.?

39. What would be the first-class rate on traffic from Havana, Cuba, to Mobile, Ala.?

40. To what items are the publication of commodity rates from Cuban ports confined?

41. What basis for rates is employed on traffic exported to foreign countries via Halifax, N. S.?

42. In the employment of this basis, what territories does the term "foreign countries" exclude?

43. What does the term "New York domestic rates," as used in Table 19, indicate?

44. Compare the export rates from Chicago, Ill., to Halifax, N. S., with those on domestic traffic.

45. What are the more important Mexican Common Points?

46. What adjustment does the one employed in constructing rates to Mexico closely follow?

47. How are the rates from St. Louis, Mo., to Mexico City, Mex., determined? With the rates so determined, how are rates from Chicago, Ill., reckoned?

48. How are the rates on rail-and-water traffic from St. Louis, Mo., to Mexico City, Mex., made?

49. How are the rates from Chicago, Ill., to Monterey, Mex., made?

50. In making rates on less-than-carload traffic by way of New York, what charges must be added to the general basis of rates?

51. What method is employed in establishing rates from Central Freight Association Territory to points in Cuba by way of Gulf ports?

52. On what basis are the rates to Key West, Fla., made with relation to the rates to other Gulf ports?

53. Give an illustration of the construction of a rate from Youngstown, Ohio, by way of Mobile, Ala., and Key West, Fla.

54. Enumerate some of the more important Cuban outports.

55. Upon what basis are rates to these outports constructed? Do the rates so made include marine insurance?

56. Does the grouping of the territory and the basis for making rates from points in Western Trunk Line Territory follow that employed in the Central Freight Association Territory?

57. What is said relative to the jurisdiction of the Federal Government over water carriers?

58. In your opinion, does the absence of control over water carriers tend to stimulate competition?

59. What have the courts held with reference to a lower rate on export and import traffic than on domestic traffic? In your opinion, does such a policy result to the advantage or disadvantage of the public at large?

FREIGHT RATES

WESTERN TERRITORY

ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

PART 3

TRANS-CONTINENTAL TERRITORY

W. L. TRAMMELL

Trans-Continental Freight Bureau

La Salle Extension University

Chicago

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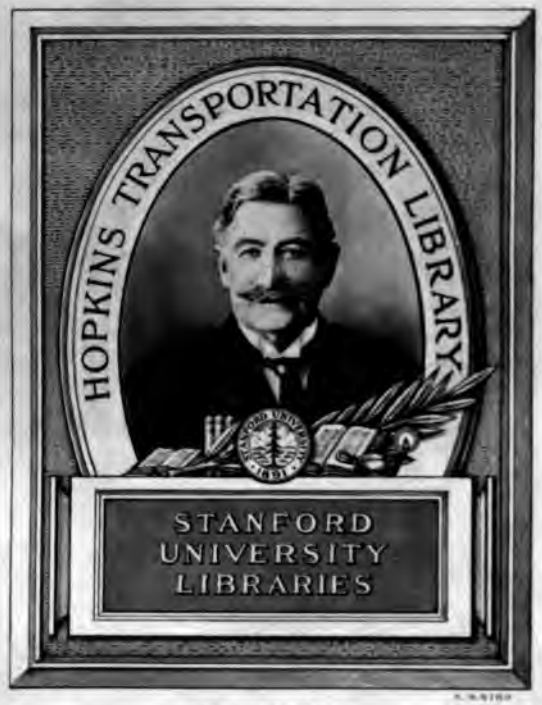

GIFT OF

Joel V. Berreman, Esq.

FREIGHT RATES
WESTERN TERRITORY

PART 3

TRANS-CONTINENTAL TERRITORY

W. L. TRAMMELL
Trans-Continental Freight Bureau

LASALLE EXTENSION UNIVERSITY
CHICAGO
1922

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TRANS-CONTINENTAL TERRITORY

INTRODUCTION

In this treatise on trans-continental freight rates the author has endeavored to bring out the salient facts concerning the rate structure as applied to westbound traffic in a manner that will be easily digested by the layman, as well as by one conversant with transportation problems. In addition, the eastbound rate adjustment has been briefly treated on the concluding pages, together with the reasons why it is deemed advisable to omit a more detailed discussion.

It is felt that the reader will get a better knowledge of the trans-continental rate fabric by dividing this work into several sections. For this reason the different subjects have been separated in the following manner: Section One outlines the competitive conditions, traffic sources, routes, and other matters pertaining to trans-continental traffic as a whole. Section Two deals with the rate adjustment from all points in the United States, except Southeastern and Carolina territories, to California Terminals and Intermediate Territory. Section Three treats rate adjustments from the same points to North Pacific Coast Terminals and Intermediate Territory, including Spokane and Montana territories. Section Four covers the rate structure from Southeastern and Carolina territories to both North Pacific coast and California points, with a subsection devoted to

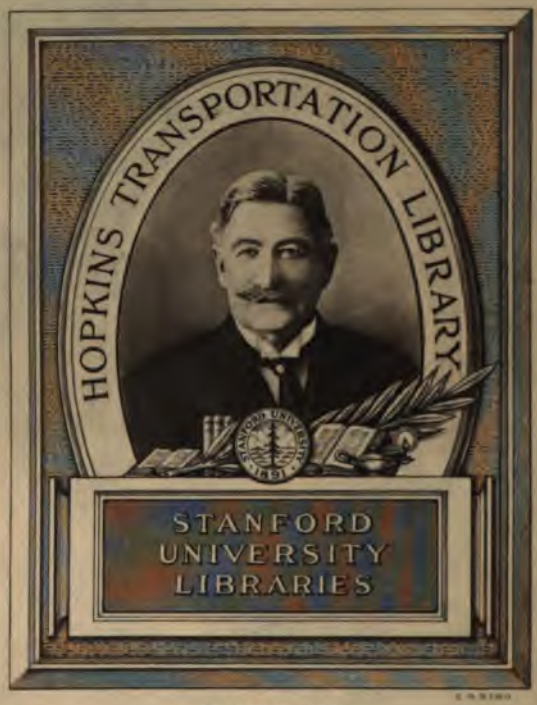
SECTION ONE

CHAPTER I

OUTLINE OF TERRITORY

The Trans-Continental Territory covers the entire country and also certain portions of Canada from and to which rates are published. The points of origin on westbound traffic are subdivided into nine groups. These groups are designated A, B, C, D, E, F, G, H, and J. Table 1 shows, in a general way, the territory covered by each group. These groups are outlined in the map appearing on page 6. This map will be found to be of great assistance in following the discussion of the general adjustment in the subsequent chapters of this work.

The western boundary of Group J, which is the most westerly group from which rates are published to the Pacific coast, lies immediately west of the lines of the Union Pacific and Denver & Rio Grande railroads running from Cheyenne, Wyo., to Trinidad, Colo., and includes the so-called "Colorado Common Points." The points situated west of this group are in what is known as the Pacific Freight Tariff Bureau Territory; rates between this territory and California points are published by the agent of this bureau. The rate structure within the Pacific Freight Tariff Bureau Territory is included in Section Two, together with the discussion of trans-continental rates to California points.



GIFT OF

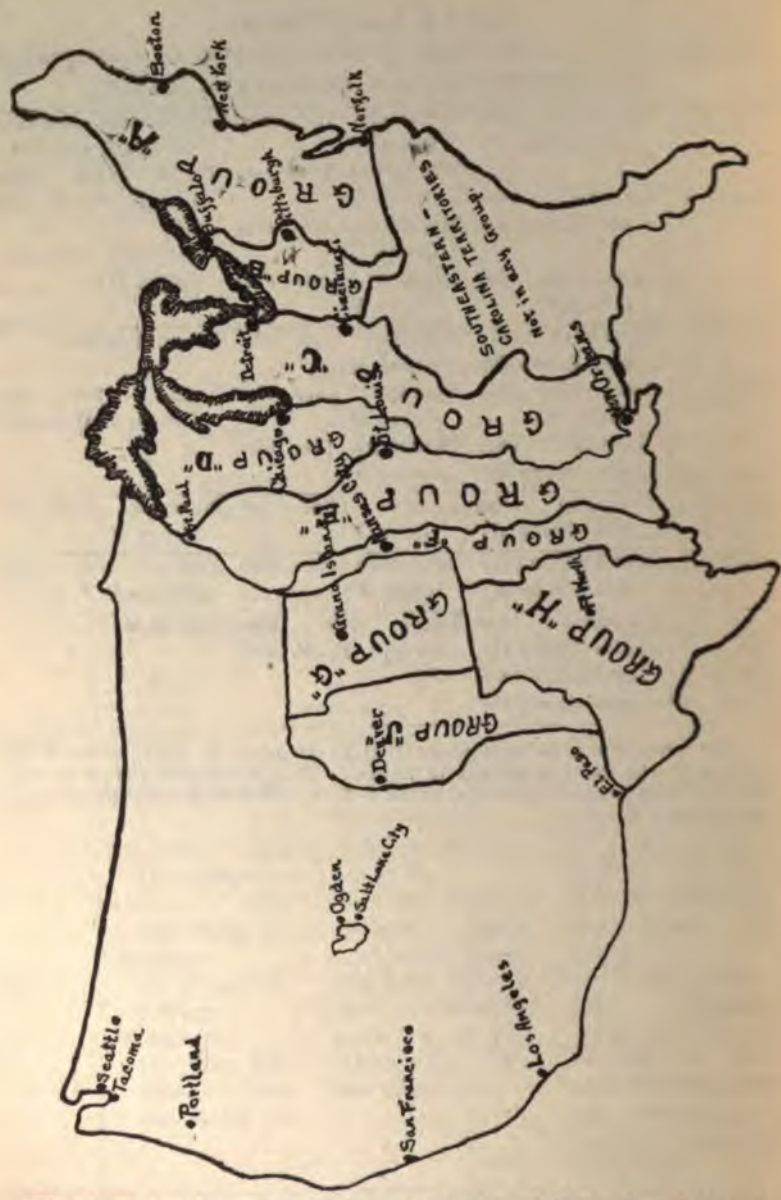
Joel V. Berreman, Esq.

TABLE 1—Concluded

GENERAL OUTLINE OF ORIGIN GROUPS APPLIED IN CONNECTION WITH WESTBOUND TRANS-CONTINENTAL RATES[1]

GROUP E	ARKANSAS (*See also* Group F) ILLINOIS (*See also* Group D) IOWA (*See also* Group F) LOUISIANA (*See also* Group C) MINNESOTA (*See also* Group D) MISSISSIPPI (*See also* Group C) MISSOURI (*See also* Group F)	TENNESSEE (*See also* Groups A and C) TEXAS (*See also* Groups F, H, and J) WISCONSIN (*See also* Group D)	
GROUP F	ARKANSAS (*See also* Group E) IOWA (*See also* Group E) KANSAS (*See also* Group G) MISSOURI (*See also* Group E) NEBRASKA (*See also* Group G) OKLAHOMA (*See also* Group H)	SOUTH DAKOTA TEXAS (*See also* Groups E, H, and J)	
GROUP G	COLORADO (*See also* Group J)	KANSAS (*See also* Group F)	NEBRASKA (*See also* Group F)
GROUP H	NEW MEXICO (*See also* Group J)	OKLAHOMA (*See also* Group F)	TEXAS (*See also* Groups E, F, and J)
GROUP J	COLORADO (*See also* Group G) NEW MEXICO (*See also* Group H)	TEXAS (*See also* Groups E, F, and H)	WYOMING

[1] It should not be understood that every point in every state is included in the various groups in Table 1. The individual points in connection with trans-continental rates will be found in the tariffs carrying the rates.



Sketch of rate groups applied in connection with westbound transcontinental rates

CHAPTER II

TRANS-CONTINENTAL TARIFFS

Before proceeding with the discussion of the rate structure and other matters to be dealt with, it is well to devote some time to the tariffs in which are contained the rates under discussion. Considering the immense territory from and to which rates are published and the handicaps encountered in endeavoring to avoid any undue discriminations and violations of the Fourth Section of the Amended Act to Regulate Commerce, except such violations as are permitted by the Interstate Commerce Commission, the tariffs of the trans-continental lines are indeed clear and easy of interpretation.

For convenience in publication the westbound trans-continental tariffs are issued jointly by the chairmen of the Trunk Line Association, the Central Freight Association, and the Trans-Continental Freight Bureau. Although the trans-continental lines do not originate the traffic on westbound business, they have a working arrangement with the eastern lines under which they control the publication of rates, and the tariffs are published by their agent. As a general rule the publication of rates is under the control of the lines originating the traffic, but in this case the conditions are reversed, as the terminal lines have a better knowledge of competitive and other conditions on the Pacific coast mak-

ing certain rates necessary, and they also receive the long haul on the traffic. This arrangement was also brought about by the fact that formerly the westbound trans-continental rates did not apply from points east of Chicago. Since the tariffs have been extended to include this eastern territory the eastern carriers have become parties thereto under concurrences and powers of attorney issued to their respective agents; i. e., the chairmen of the Central Freight and Trunk Line associations.

Under the form of publication employed in the westbound tariffs the points of origin are blanketed by states, and the states, or such portions thereof as may happen to lie in one particular group, are consolidated into groups. On the other hand, the points of destination are named individually, and the tariffs state specifically what rates are to be applied to each station. Tables 2 and 3 illustrate the method of showing originating and destination territories, respectively.

It will be noted that the nine groups outlined in Table 1 and in the map on page 6, embrace practically all the country lying east of Denver, thereby making it possible to find a rate from almost any given point to the Pacific coast under one cover. These transcontinental tariffs are, almost without exception, the only ones naming through joint rates from points east of the Mississippi or Missouri rivers on the one hand and points west of these boundaries on the other. This feature in itself is of great advantage to those having occasion to use rates applying in this territory. Another commendable feature is that such exceptions to the general application of the tariffs as apply for account of the participating carriers, as well as the general

rules, conditions, and routings surrounding the rates and application thereof, are clearly set forth in these publications. This obviates the necessity of referring to various other tariff publications of the individual carriers for this information. Furthermore, regardless of the originating point of the traffic, the rates are governed by the Western Classification, and such exceptions to this classification as govern any particular commodity are clearly shown in the tariffs themselves.

Although it is not required by the tariff regulations of the Interstate Commerce Commission, a complete index of all commodities on which rates are published in supplements to trans-continental issues is shown in the last supplement issued. For example, if Supplements 1, 2, and 3 are in effect, Supplement 3 will contain a complete index of all commodities that are shown in the three supplements. This feature is of great assistance in locating rates, and bears out the policy that seems to prevail in these issues of setting forth the information in a clear and explicit manner.

TABLE 2.

DESCRIPTIVE TRANS-CONTINENTAL ORIGIN GROUPS

Points from Which Rates Apply				Rates Applicable
INDIANA:				
Alco	Gibson	Hobart	Roby	Group D
Buffington	(Lake Co.)	Indiana Harbor	Sheddfield	
Calumet	Grasselli		State Line	
Dyer	Griffith	Osborn	Whiting	
East Chicago	Hammond	Republic	Wolf Lake	
Gary	Hartsdale			
All Other Points				Group C

TABLE 2—Continued
Descriptive Trans-Continental Origin Groups

Points from Which Rates Apply				Rates Applicable
Iowa:				
Arion	Findley	Mapleton	River Sioux	Group F
Ascot	Flanders	Missouri Valley	Rode	
Astor	Glen Ellen	Modale	Rodney	
Baird	Grable	Mondamin	Salix	
Bartlett	Grant Center	Moorhead	Sargent's Bluff	
Bell	Haley	Morning Side	Sioux City	
Blencoe	Hamburg	Neola	Sloan	
Buck Grove	Haynies	Onawa	Soldier	
California Jct.	Hentons	Orrton	Turin	
Castana	Honey Creek	Orson	Underwood	
Charter Oak	Hornick	Owego	Union Pacific Transfer	
Clara	Island Park	Pacific Jct.	Ute	
Council Bluffs	Kenwood	Panama	Weston	
Crescent	Leeds	Payne	Whiting	
Defiance	Leith	Percival	Willett	
Dow City	Logan	Persia	Woodbine	
Dunlap	Loveland	Pisgah	Yorkshire	
Earling	Luton	Portsmouth		
	McPaul	Preparation		
	Manilla			
All Other Points				Group E
Maryland:				
All Points				Group A
Massachusetts:				
All Points				Group A
Michigan:				
Northern Peninsula (Points North of Straits of Mackinac):				
All Points, Except Those Named (under Exceptions) Below.				Group D

Exceptions

Combination rates will apply from points shown below.

Ahmeek	Birch	Franklin Jr. Mine	Lake Jct.
Allouez	Boston	Hubbell	Lake Linden
Antlers	Buckroe	Jean	Laurium
Arcadian Jct.	Burtis	Kearsarge	Maney
Arcadian Mine	Calumet	Kearsarge No. 4	Mason (Houghton Co.)
Big Bay	Centennial	Keno	Mays
	Duncan		
	Franklin Jct.		

TABLE 2—Concluded

Descriptive Trans-Continental Origin Groups

Points from Which Rates Apply	Rates Applicable
Michigan—Concluded	
Exceptions—Concluded	
Combination rates will apply from points shown below.	
Midway, Mills, Mohawk, Mohawk Mine, Osceola, Pickerel Lake, Point Mills, Powell, Quincy Mill (Mason), Quincy Mine, Ransom, Ross, Stamp Mill Jct., Swedetown, Tecumseh, Upper Mills, Wolverine Mine (Houghton Co.), Woodside	
Southern Peninsula (Points South of Straits of Mackinac):	
Mackinaw City, in connection with D. S. S. & A. Ry. and connections (see Note)	Group D
Mackinaw City, via all other lines (see Note)	Group C
NOTE.—Group-C rates will apply from Mackinaw City (proper), and Group-D rates will apply as proportional rate from Mackinaw City in connection with the Duluth, South Shore & Atlantic Ry. and connections on traffic originating east thereof.	
All Other Points	Group C

TABLE 3

Method of Showing Destination Points to Which Rates Apply in Trans-Continental Tariffs

Stations	Delivering Lines	Rates Applicable		Note	Western Gateways
		Class Index No.	Commodity		
South Coast:					
Alessandro, Cal.	A. T. & S. F.	151	Note 6	6	1, 2, 5
Allendale, Cal.	S. P.	472	Note 6	6	44, 45, 46, 47, 49
Alma, Cal.	S. P.	472	Note 6	6	44, 45, 46, 47
Almaden Crossing, Cal.	S. P.	472	Note 6	6	44, 45, 46, 47
Almendra, Cal.	N. E. (M. & C. Br.)	266	Note 4	4	21, 22, 23
Aloha, Cal.	S. D. & S. E.	306	Note 6	6	43-A, 43-B, 43-D
Alta, Cal.	S. P.	466	Intermediate	.....	As provided in Circular 16-D
Alta, Cal.	S. D. & S. E.	306	Note 6	6	43-A, 43-B, 43-D
Alten, Cal.	P. & S. R.	296	Note 6	6	40-A
Alto, Cal.	N. W. P.	276	Note 6	6	58, 59
Amaranth, Cal.	S. P.	472	Note 6	6	44, 45, 46, 47, 49
Burnett, Cal.	S. P. L. A. & S. L.	311	Intermediate	.....	41, 42, 43
Bay Point, Cal.	A. T. & S. F.	122	Intermediate	.....	1, 2, 3
East San Pedro, Cal.	S. P. L. A. & S. L.	311	Terminal	.....	41, 42, 43
Oakland, Cal.	S. P.	335	Terminal	.....	44, 45, 46, 47, 49
San Diego, Cal.	A. T. & S. F.	122	Terminal	.....	1, 2, 5
San Francisco, Cal.	S. P.	335	Terminal	.....	44, 45, 46, 47, 49
San Pedro, Cal.	S. P.	335	Terminal	.....	44, 45, 46, 48
Wilmington, Cal.	S. P. L. A. & S. L.	311	Terminal	.....	41, 42, 43

TABLE 3—Concluded

Method of Showing Destination Points to Which Rates Apply in Trans-Continental Tariffs

Stations	Delivering Lines	Rates Applicable		Note	Western Gateways
		Class Index No.	Commodity		
North Coast:					
Aberdeen, Wash.	C. M. & St. P.	1	Rate Basis 1, 5		6
Aberdeen, Wash.	N. P.	1	Rate Basis 1, 5		26, 26-C
Aberdeen, Wash.	O.-W. R. & N.	1	Rate Basis 1, 5		33, 33-D
Abiqua, Ore.	S. P.	1	Note 8	8, 26	48, 48-A
Acme, Wash.	N. P.	1	Rate Basis 2, 6	1	26, 26-A
Acton, Wash.	O.-W. R. & N.	289	Rate Basis 3, 7		33, 33-A, 33-B, 33-E
Adair, Idaho	C. M. & St. P.	4	Rate Basis 4, 7	20	6
Adams, Ore.	O.-W. R. & N.	4	Rate Basis 4, 7		33, 33-A, 33-B, 33-C, 33-E
Adams, Wash.	N. P.	4	Rate Basis 4, 7		26, 26-C
Adamsboro, Ore.	O.-W. R. & N.	1	Rate Basis 1, 6		33, 33-A, 33-BB, 33-C
Adco, Wash.	N. P.	154	Rate Basis 4		26, 26-C
Addie, Idaho	S. I.	4	Rate Basis 4, 7		50, 50-A
Addy, Wash.	G. N.	119	Note 92	92	17, 17-F, 17-G
Adkins, Wash.	N. P.	4	Rate Basis 4, 7		26, 26-C
Adna, Wash.	N. P.	1	Rate Basis 2, 6	1	26, 26-C, 26-E
Adrian, Wash.	G. N.	71	Rate Basis 4		17, 17-E
Adrian, Wash.	N. P.	153	Rate Basis 4		26, 26-C
Agassiz, B. C.	B. L. T. Co.	Note 3	Note 3	3, 20	2, 2-A
Agassiz, B. C.	C. P.	Note 3	Note 3	3	5, 5-A

CHAPTER III

ROUTES

Shippers have the choice of a number of different routes with varying charges between the Atlantic and Pacific coasts: First, the all-rail routes; second, the rail-and-water routes through the Atlantic and Gulf ports; third, the all-water routes through the Panama Canal, the Straits of Magellan, or around Cape Horn; and fourth, the water-rail-and-water route via the Isthmus of Tehuantepec in connection with the Tehuantepec National Railway. The rail-lake-and-rail routes through the Great Lakes are no longer operative on trans-continental traffic except on the basis of a combination of local rates, and the Tehuantepec route is not enjoying its former enormous tonnage, owing to the political conditions in Mexico and the comparatively recent opening of the Canal with its improved service and less expense.

In the selection of transportation routes on this traffic, although the water routes through the Panama Canal establish charges which are greatly less than those maintained by the rail lines, this advantage is minimized to some extent by the necessity of effecting marine insurance against the perils of the sea and navigation, the current premium through the Panama Canal being in the neighborhood of one-half of one per cent, and through the Straits of Magellan one per cent of the gross value of the shipments.

Only recently traffic through the Canal was entirely obstructed by a landslide, which necessitated either the transshipment of many cargoes across the Isthmus by rail or the dispatch of vessels by the long route through the Straits of Magellan.

Another point to consider carefully in the patronage of these water routes is the packing requirements of the various lines, for there are many articles which can be shipped by rail loose or set up which, when shipped by ocean lines, must be boxed or crated. For example, it is possible to ship by rail an automobile without any packing, but when shipped by water lines, many lines insist that the machine be boxed, and the cost of these boxes frequently offsets any saving that might be made in the transportation charges.

The all-rail routes are not restricted to any particular line or lines on the eastern end, and shipments may be routed over any road party to the tariff up to the junction with the western road. On the western end, however, certain restrictions are placed on the routing for account of the delivering lines. For example, a shipment from New York to San Francisco via all-rail for Southern Pacific delivery may be forwarded over any road to Chicago or the Mississippi River, but the shipment must be delivered to the Southern Pacific at certain named points via which prorating arrangements are in effect.

The rail-and-water routes through the Atlantic and Gulf ports are applied via the Southern Pacific Company—Atlantic Steamship Lines (Morgan Line) through New Orleans and Galveston in connection with the Southern Pacific Company; via the Mallory Line through Galveston in connection with the Santa Fe;

and via the Old Dominion Steamship Company through Norfolk in connection with the Western Pacific Railway. In general, the Chicago rates apply from New York to California Terminals via these routes on shipments moving under commodity rates, but on shipments moving under class rates the flat New York rates are applied.

CHAPTER IV

WATER COMPETITION

Prior to the opening of the Panama Canal the competition of the water lines for trans-continental traffic did not exert the great influence in the making of all-rail rates that it does today. The opening of the Canal, however, brought with it a new era of rate construction to the Pacific coast, and now the rail rates are adjusted with relation to those named by the steamer lines. The Canal has shortened the time in transit, decreased the expense, and made water transportation quicker and more dependable in point of time than formerly, and has also attracted a great number of boats to this intercoastal business. This naturally would tend to decrease the tonnage of the rail lines and place them on the defensive in retaining their proportion of the traffic.

Formerly the only active competition of the rail lines was in the routes across the Isthmus of Panama or Tehuantepec, with the inconvenience and expense of the many necessary transshipments and more or less limited capacities, or the routes around Cape Horn or through the Straits of Magellan with the attendant high insurance rates and length of time in transit. There is a difference of 7,900 nautical miles from New York to San Francisco in the routes through the Canal

and around Cape Horn. The difference in time made by vessels using the two routes is as follows:

Speed per hour.....	9 knots	10 knots	12 knots	14 knots	16 knots
Days saved via Canal....	35.9	32.3	26.8	22.9	20

In order that the increased competition of the water lines may be fully appreciated, the following facts are given as illustrative of the movement through the Canal for the first few months of its operation; also a comparison of rates in effect via the different routes is shown.

The coastwise trade between the Atlantic and Pacific coasts of the United States is engaged in by five lines, each maintaining a regular schedule, viz.: The American-Hawaiian Line, which has sailings also to Hawaii, sending a ship through the Canal each way about every five days; the Luckenbach Line, with a sailing each way every week; Crowell and Thurlow, sending a vessel each way about once a month; the Panama-Pacific Line, operating two vessels which pass through the Canal in each direction every three weeks; and the Atlantic-Pacific Line, with a vessel in each direction once a month. In addition to these there are a number of lines which do not maintain a regular schedule of sailings, as well as numerous tramp vessels plying between the coasts when sufficient cargo is offered.

The American-Hawaiian Line is at present operating a fleet of twenty-five vessels ranging from 5,000 to 12,000 tons, and is by far the largest single line operating through the Canal. It is interesting to note that for the first nine months after the opening of the Canal to commercial traffic this line carried more than one-fifth of the total tonnage which passed through the

Canal, or 700,000 tons. This tonnage, with the exception of three vessels carrying 24,000 tons of nitrates from South America, was all between the Atlantic and Pacific coasts of the United States. The vessels of this line average twenty-two days from New York to San Francisco.

During the fiscal year ending June 30, 1915, which included all the period during which the Canal had been open to the traffic of ocean-going vessels, the Canal was used by 1,088 vessels, carrying cargo of 4,969,792 tons, or an average of 15,530 tons per day. Three hundred and thirty-five of these vessels moved between Atlantic and Pacific ports of the United States and carried 1,846,658 tons of cargo. Of these, 172 vessels, carrying cargo of 951,044 tons, moved from the Atlantic to Pacific coasts, and 163 vessels, carrying cargo of 895,614 tons, moved from the Pacific to Atlantic coasts. During the year 1910 the water movement was approximately 800,000 tons, or less than one-half of the movement through the Canal for the first eleven months of its operation.

Table 4, showing the movement of vessels between the Atlantic and Pacific coasts through the Canal for this period, affords an interesting study.

There are no figures available showing the combined tonnage of the rail carriers between the Atlantic and Pacific coasts for this period, but it is easily seen that this constantly increasing water tonnage exerts the most powerful influence over the all-rail rates and necessitates lower rates than have previously existed to enable the rail carriers to retain any considerable percentage of the traffic.

By reason of their lower rates and improved service,

TABLE 4

STATEMENT OF MONTHLY TONNAGE THROUGH PANAMA CANAL

Month	Westbound		Eastbound	
	Vessels	Cargo (Tons)	Vessels	Cargo (Tons)
August, 1914	9	42,326	6	39,558
September	14	83,440	9	63,458
October	14	69,998	21	116,433
November	20	84,142	14	95,213
December	16	66,461	18	87,780
January, 1915	18	118,357	11	51,319
February	10	59,156	15	83,434
March	17	96,544	20	98,312
April	17	121,064	12	80,660
May	22	118,375	19	73,501
June	15	91,181	18	105,946
Total	172	951,044	163	895,614

the steamship lines, since the opening of the Canal, have been drawing traffic from territory that formerly used the all-rail routes almost exclusively. Owing to the capacity cargoes that are offered, they have not felt the necessity of absorbing freight charges on shipments which move by rail from an inland point to the Atlantic seaboard to the extent that will be necessary when more boats enter the service and competition becomes keener. However, shippers located as far west as Chicago and St. Louis are able to use the water routes to advantage even after paying the full local rate to the seaboard. Considerable traffic is forwarded via this route from the interior.

A pertinent example of the ocean combination defeating the all-rail rate is as follows: The rail rate on bed springs, in carloads, from Kenosha, Wis., to New York is 31½ cents per 100 pounds, and the ocean rate from New York to San Francisco is from 55 to 65 cents,

making a through rate from Kenosha to San Francisco of from 86½ to 96½ cents. The all-rail rate from Kenosha to San Francisco is $1.10.

It will also be found that in some instances the rail-and-ocean combination will defeat the all-rail rate from St. Paul and Missouri River Cities and even farther west, and that there are innumerable cases such as cited above where the ocean route is available from the territory lying east of the Mississippi River at a lower charge than obtains via the direct rail lines.

In Table 5 is shown a comparison of rates on a few representative commodities from New York to the Pacific coast via the all-rail routes and through the Panama Canal. These rates are effective as of August 15, 1915.[1]

TABLE 5

COMPARISON OF RAIL AND WATER RATES TO PACIFIC COAST PORTS

From New York to Pacific Coast Ports	Via			
	Panama Canal		All Rail	
Brass and copper goods	C. L.	$.75	C. L.	$1.50
Canned goods	C. L.	.45 to .55	C. L.	.75
Compounds, polishing	L. C. L.	.75 to .80	L. C. L.	1.30
Cotton bags	C. L.	.50 to .70	C. L.	1.25
Earthenware, stoneware	C. L.	.65 to .85	C. L.	1.15
Electrical goods	C. L.	.40 to .50	C. L.	.80
Foods, animal	C. L.	.50 to .65	C. L.	1.10
Glass, window	C. L.	.40 to .55	C. L.	.90
Iron and steel castings	C. L.	.40	C. L.	.75
Iron and steel pipe fittings	C. L.	.40	C. L.	.70
Iron and steel tubing	C. L.	.40	C. L.	.65
Railway supplies	C. L.	.40	C. L.	1.00
Soap	C. L.	.40	C. L.	.80
Wire netting	C. L.	.40 to .65	C. L.	1.20

[1] As the rates applying through the Panama Canal are not filed with the Interstate Commerce Commission and are subject to change without notice, it should be understood that the rates shown are to be considered as illustrative of rates applying over this route at the date of the table only.

At the conclusion of the European war, numerous vessels now in the foreign trade will, no doubt, return to engage in United States coastwise trade, and as competition becomes keener, they will reach farther inland for their tonnage, either by absorption of the rail charges to the seaboard or by other arrangements. The trans-continental lines, since the opening of the Canal, have materially reduced the rates on the commodities which move in large quantities by water to the Pacific coast, and as these rates cannot be further reduced to any great extent and at the same time yield a revenue in excess of the operating cost, it will be necessary for the carriers to find some other means of meeting this more acute competition. The steamship lines operating through the Atlantic and Gulf ports in connection with the trans-continental carriers will undoubtedly be of great assistance should the railroads find a further reduction in these rates necessary. It is possible, moreover, that a readjustment of rates via these routes will place them on a level more nearly meeting those operative through the Canal. The more expeditious service of the routes through the Atlantic and Gulf ports, however, and the additional fact that rates via these routes include the cost of marine insurance, transfer charges, etc., justify higher charges than the Canal route. The average schedule through the Gulf ports is from twelve to fifteen days, as against from three to four weeks through the Canal.

The meaning of the preceding paragraph is very forcibly exemplified by the low rate in effect on cast iron pipe from the Atlantic seaboard to Pacific Coast Terminals, which is one of the many commodities moving in large quantities by water. This rate is 65 cents

per 100 pounds when in carloads of 40,000 pounds, yielding a car revenue of $260 and a car-mile revenue of 8.1 cents. Based upon a 3,200 mile haul, this yields a ton-mile revenue of 4.05 mills. The average ton-mile revenue of the trans-continental lines is approximately 9 mills, and in some territories carriers demand a minimum of 5 mills per ton-mile. Therefore, traffic which does not yield revenue in excess of 4.05 mills per-ton-per-mile cannot stand a still further reduction in rates and at the same time pay a reasonable return for the services rendered.

CHAPTER V

SOURCES OF TRAFFIC—BLANKET RATE SYSTEM

The rail rates to Pacific Coast Terminals, with some few exceptions, are applied as a blanket from all groups of origin. As will be noted from the map shown on page 6, this blanket is extended from the northern coast of Maine to the foothills of the Rocky Mountains.

Traffic officials and others interested in transportation who have given consideration to this blanket system of rate-making have expressed divers opinions as to its practicability and impartiality, but the fact remains that it has proved its worth in this territory and has generally given satisfaction to all concerned. It appears to have originated in the late eighties as a means of enabling the western markets to compete with those of the Atlantic seaboard for the Pacific coast trade, and there is no question but what this adjustment has greatly stimulated trade between the Middle West and the Far West until today the Middle West supplies the coast with as much, if not more, goods than the Atlantic seaboard.

Prior to the opening of the Panama Canal, approximately 25 per cent of the all-rail traffic to the Pacific Coast Terminals and Intermediate Territory moved from the Atlantic seaboard or Trans-Continental Groups A and B, the remainder originating west of these groups. The base of supplies has been constantly

moving westward; in fact, today practically all the articles manufactured in the East are likewise produced in the West and Middle West. The effect of this is to place the consumer in the Far West nearer the source of production. Thus by reason of this blanket system of rates, he is able to purchase his goods in the most advantageous market.

This brings up a peculiar situation in that on shipments accorded commodity rates the producer located at Chicago, although approximately 1,000 miles nearer the consumer, must pay the same rate to reach the Pacific coast as the one located at New York or Boston. This might be considered one of the disadvantages of this rate system, but from another point of view it is found that this adjustment in no slight degree favors the inland manufacturer. To compete with the ocean routes the rail carriers will name an extremely low rate from the Atlantic seaboard, and by reason of this water competition it might be possible to hold the inland points on a higher basis than the seaboard. However, by applying this low rate as a blanket from all interior groups it enables the inland manufacturer to compete with those located on the seaboard having the natural advantage of water transportation.

It can hardly be said that because water competition makes a low rate from New York that Chicago is entitled to the same rate for the same reason; but if this rate were not given to Chicago, it would depress the movement from the interior and correspondingly increase that from the seaboard. It is to the interest of the trans-continental lines that the traffic originate in the West, and therefore to their advantage that they name rates from Chicago, St. Louis, and other inland points which will originate traffic at these points as against those farther

east. The western lines have their termini at Chicago, the Mississippi River, and the Missouri River. If the shipments originate at these points or west thereof, they retain all the freight money, whereas if a shipment originates in the East the revenue must be divided with the eastern lines.

The following excerpt[1] in connection with the blanket system of rates applied in this territory is interesting:

> Throughout this period of competition between ocean and rail lines we find this interesting rate condition to have existed: Class rates to Pacific Coast Terminals increased with the distance, and were higher from Atlantic seaboard points than from interior points; commodity rates, however, which were created to meet special conditions at the seaboard—the weapons fashioned for the destruction of the clipper ships—were lower at the ports than at the interior points.
>
> In 1883 a new competitor entered the field, the Sunset-Gulf route, a water line from New York to New Orleans, owned by and connecting with the Southern Pacific line from New Orleans to San Francisco. This new line was looked to by carriers generally to "take care" of water competition, in the significant language of a Southern Pacific official. It entered upon the work with such heartiness that before long the Pacific Mail alone kept on its perfunctory way between Panama and the Pacific Coast Terminals. The clipper ship as a competitor had been destroyed; Pacific Mail had been subsidized; and the trans-continental lines were in control of ocean as well as land transportation.
>
> It is the estimate of the Southern Pacific that of all the traffic moving from the Atlantic seaboard to California from 1885 up to 1891 the Sunset-Gulf route carried from 75 to 90 per cent, and of the balance, practically all went by rail. The aggressive policy of the Southern Pacific Company in instituting a water line of its own between the Gulf and the Atlantic drove its water competitors out of the field and took from the rail lines all but the most insignificant proportion of trans-continental traffic. Those

[1] 21 I. C. C. 347.

were the fine free days when "all sorts of rates could be had and all sorts of tariffs could be found."

By the year 1885 competition by sea was not more than nominal. In that year, however, the Santa Fe, being completed to Los Angeles, came into the field claiming its share of transcontinental business destined to its new terminal, California. Up to its coming, and some years prior, commodity rates had been graded up from New York; that is to say, the rates from Pittsburgh Territory to California, and from Chicago to California, were higher than from New York. The theory of the rail carriers was that they should meet the competition at the point where the competition actually existed—at the seaport. But the Santa Fe had its eastern terminus at Chicago. It found the Sunset-Gulf route carrying practically all the Atlantic seaboard business at rates below the all-rail rates—at any rate that it chose to fix. In its view it was all well enough for the Southern Pacific to send out from the Gulf its own boats that would drive all rivals from the ocean, but because it had done this service to the rail carriers, it was not to follow that all the traffic was to remain in the possession of the Southern Pacific. Whatever rates, therefore, the Sunset-Gulf route chose to make at New York, the Union Pacific and Santa Fe declared they would make from Chicago. This determination of railroad policy was given the name of "market competition." It was said the great Middle West was building up and should have its opportunity to compete with the Atlantic seaboard for the developing trade of California. The Santa Fe did not reach New York; the Southern Pacific did; the Santa Fe would give to Chicago and to St. Louis and to Kansas City the same opportunity to feed and clothe the people of California that the Southern Pacific gave to the people of New York and Boston.

The following excerpt[2] is illustrative of the advantages to the West:

The Middle West today manufactures nearly everything which is produced upon the Atlantic seaboard, and the effect of this

[2] 21 I. C. C. 422.

policy of the railroads has been to make the Middle West the almost exclusive market of origin for the intermountain territory and largely for the Pacific coast itself. This competition is strictly that of carriers, although sometimes termed "market competition."

There is in this same connection market competition proper. Chicago, with all its political and financial strength, demands that it shall be accorded the same right to sell in San Francisco which its rival, New York, has. Its argument is this: If this traffic moves by rail from New York, it passes through Chicago and is hauled 1,000 miles farther than if it originated at Chicago. If it originates at Chicago, there is eliminated from the service the useless waste of energy involved in transporting the business for the first 1,000 miles. Therefore, if this traffic is to move by rail, such a rate should be made as will move it from Chicago and not from New York.

And why is this argument not a sound one, at least if reference be had entirely to eastern territory? It is for the interest of Chicago that it be allowed to sell in San Francisco; it is in the interest of San Francisco that it be allowed to buy in both Chicago and New York. It is in the interest of the carriers, considered as a whole, that the business originate at the nearer point, and that is the just interest of the public to the end that useless waste be avoided. New York and the lines leading from New York to Chicago alone suffer.

Not only is this blanket system of rates applied to points of origin, but it is also, in a measure, used to cover commodities which may be shipped in mixed carloads. Under the rules of the trans-continental tariffs, where two or more articles are named in one item, they may be shipped in either straight or mixed carloads. Under some of these items it is possible for a producer who manufactures a number of articles of analogous character to ship all his goods in a mixed carload under one rate. In Table 6 a number of representative items are set forth, one of which, being 300,

applying on car wheels and axles at a rate of 80 cents per hundred-weight in straight carloads of 40,000 pounds. Under Item 200 it is possible to ship car wheels and axles in straight carloads or in mixed carloads with some thirty-five other commodities at a through rate of $1.00. Also, we find that car wheels and axles are included with a still larger mixture of railway supplies in Item 100 with a through rate of $1.50. Thus while technically we have three rates in effect on car wheels and axles in straight carloads, the lowest would of course govern, but by paying a slightly higher charge the shipper has the privilege of including in a car of other articles, a small amount of wheels and axles which otherwise would have to be forwarded in less-than-carload lots.

TABLE 6

Representative Items Showing Blanket Commodity Rates[1]

Item No.	Articles In Carloads (except as noted) Minimum Weight 30,000 pounds, except as otherwise provided		Rates in Cents per 100 Pounds: To Points Taking Terminal Rates, From Points Taking Rates Applicable to Groups									To Points Taking Intermediate Rates, From Points Taking Rates Applicable to Groups								
			A	B	C	D	E	F	G	H	J	A	B	C	D	E	F	G	H	J
100	Railway Supplies, viz.: Air brake equipment including motors or air compressors) Bolsters and bolster bearings Brake beams Brake chains Brake heads Brake rods Brake shoes and connectors Brake staffs Brake wheels Buffers Bumping posts Car brakes Car couplers and parts Car pockets Car sills and under frames, set up or knocked down Car springs Car trucks with wheels and axles attached Car wheels and axles Car wheel tires Cattle guards (iron) Chairs Crossings and turnouts Draft lugs Drawbars	Min. wt. 40,000 pounds	150	150	150	150	150	150	150	150	125	188	173	173	161	161	150	150	150	125

[1] Taken from Trans-Continental Freight Tariff 1-N.

Item No.	Articles In Carloads (except as noted) Minimum Weight 30,000 pounds, except as otherwise provided		To Points Taking Terminal Rates From Points Taking Rates Applicable to Groups A	B	C	D	E	F	G	H	J	To Points Taking Intermediate Rates From Points Taking Rates Applicable to Groups A	B	C	D	E	F	G	H	J
100 (concluded)	Railway Supplies, viz.—Continued Equalizers Followers Frogs Journal or oil boxes and parts thereof Links Locomotive axles Locomotive tires Miller Hooks Pins Rail guards Railroad Iron water standpipes and parts thereof Semaphore or train order signal material with or without batteries, K. D., in bundles Spikes Splices and bolts Springs Switches and mates Switch points Switch stands and attachments Track braces Transoms Truck frames Turntables Water tank fixtures	Min. wt. 40,000 pounds	150	150	150	150	150	150	150	150	125	188	173	173	161	161	150	150	150	125

[1] Taken from Trans-Continental Freight Tariff I-N.

TABLE 6—Continued

REPRESENTATIVE ITEMS SHOWING BLANKET COMMODITY RATES[1]

Item No.	Articles In Carloads (except as noted) Minimum Weight 30,000 pounds, except as otherwise provided		Rates in Cents per 100 Pounds: To Points Taking Terminal Rates From Points Taking Rates Applicable to Groups									To Points Taking Intermediate Rates From Points Taking Rates Applicable to Groups								
			A	B	C	D	E	F	G	H	J	A	B	C	D	E	F	G	H	J
	RAILWAY SUPPLIES, viz.—Continued																			
200	Brake beams Brake chains Brake heads Brake rods Brake shoes and connectors Brake staffs Brake wheels Bolster bearings Bolsters Buffers Bumping posts Car couplers and parts	Car pockets Car springs Car truck with wheels and axles attached Car wheel tires Car wheels or car wheel axles, separate or attached Crossings and turnouts Draft lugs Drawbars Equalizers Followers Frogs (Minimum wt. 40,000 pounds)	100	100	100	100	100	100	100	100	80	125	115	115	107	107	100	100	100	80

[1] Taken from Trans-Continental Freight Tariff 1-N.

REPRESENTATIVE ITEMS SHOWING BLANKET COMMODITY RATES[1]

Item No.	Articles In Carloads (except as noted) Minimum Weight 30,000 pounds, except as otherwise provided	Rates in Cents per 100 Pounds — To Points Taking Terminal Rates From Points Taking Rates Applicable to Groups									To Points Taking Intermediate Rates From Points Taking Rates Applicable to Groups								
		A	B	C	D	E	F	G	H	J	A	B	C	D	E	F	G	H	J
200 (concluded)	Railway Supplies, viz.—Concluded Castings, iron or steel, as from the mold except being cleaned and drilled with bolt holes and dipped to preserve from rust, not machine-finished; Forgings, not further finished than being drilled with bolt holes; may be shipped in mixed carloads with articles named above in this item at the rates shown. Minimum wt. 40,000 pounds. Journal or oil boxes and parts thereof; Links; Locomotives axles; Locomotive springs; Locomotive tires; Pins; Rail guards; Switches and mates; Switch points; Switch stands and attachments; Truck frames	100	100	100	100	100	100	100	100	80	125	115	115	107	107	100	100	100	80
300	Car Wheels or car wheel axles, separate or attached, N. O. S., min. wt. 40,000 lbs.	80	80	80	80	80	80	80	80	65	100	92	92	86	86	80	80	80	65

[1] Taken from Trans-Continental Freight Tariff 1-N.

SECTION TWO

CHAPTER VI

CALIFORNIA TERMINALS AND INTERMEDIATE POINTS

There are two sets of rates in effect to the Pacific coast: one applying to what are known as "Terminal Points," the other to the "Intermediate Territory." As a foreword to this chapter it should be stated that the current structure of trans-continental rates to the Intermediate Territory dates from July 31, 1911, the date upon which the Interstate Commerce Commission announced its conclusions on the applications of the carriers for relief from the Fourth Section. This order of the Commission (Fourth Section 124), together with supplementary orders in the same case, covers practically the entire rate adjustment as it stands today so far as commodity rates to the interior are concerned. It is unnecessary to carry the reader back of this date in order to get a clear understanding of the situation. Features not covered by this order will be outlined as they enter into the discussion of the general adjustment.

The "Terminal" rates are applied to the water-washed ports on the Pacific coast from and to which the steamship lines plying between the Atlantic and Pacific receive and discharge cargo. The points in California given the benefit of terminal rates are as follows: East San Pedro, Oakland, Oakland Wharf, Western Pacific Mole,

Prescott & Phoenix Railway, *et al.*,[3] in which Phoenix, Ariz., requested that it be given the same rates as applied to Los Angeles. The facts in this case were substantially the same as alleged in the Reno Case, and an order was handed down in the two cases on the same day. Under the order in the Phoenix Case the Commission prescribed rates for the future not exceeding the scale shown in Table 8(c). In this order no rates were prescribed from the Atlantic seaboard or Group-A territory. The carriers, however, have established the same rates from this group to Phoenix as were published to Reno under the order in the Reno Case, and they have also applied the Phoenix rates to contiguous points, extending them as far east as the Arizona-New Mexico state line. West of Phoenix the rates are graded upward until the terminal rates are reached.

(d) Northern California

The points in California north of Marysville are commonly known as "plus" points, rates thereto being made by adding to the through rates to Sacramento, Marysville, Davis, or Biggs, Cal., the local rates applying thence to destination. This basis governs only with respect to commodity rates; the class rates to these points are the same as applied to the terminals. We have now shown that the terminal class rates are applied to practically all main-line stations in California, whereas the terminal commodity rates are applied to only nine points. This is explained by the fact that certain relief from the Fourth Section has been

[3] 19 I. C. C. 257.

granted the carriers on the commodity rates, while the class rates are strictly in accordance with this section.

(e) Utah

Class rates to territory west of the Utah Common Points to the Utah-Nevada state line are adjusted with relation to those applied to Ogden and Salt Lake City. Although the California Tariff of the trans-continental lines does not provide for rates to the Utah Common Points, it is necessary that the adjustment to these points enter this discussion on account of the relation they bear to the stations in close proximity thereto which are included in this issue.

Through class rates from eastern points to Ogden and Salt Lake City are, with some few exceptions, based on a combination of local rates through the Mississippi River Crossings. Combination rates on Chicago defeat the Mississippi River combination in some instances, but the latter is generally recognized as the proper basis, and exceptions thereto are negligible.

In arriving at through rates made in this manner from territory as widely divergent as Trans-Continental Groups A, B, and C, it is of course apparent that a lower through rate can be obtained from a point on or near the western boundary of the group than from a point near the eastern boundary. For example, Boston, Mass., and Baltimore, Md., are both in Group A, and the first-class rate from Baltimore to St. Louis is 84.2 cents, while the rate from Boston is 88 cents. This gives Baltimore an advantage of 3.8 cents. To offset this, points representative of each group are selected and the rates from these representatives points

are applied from the entire group. In constructing class rates to this territory, New York and Boston are representative of Group A, Pittsburgh of Group B, and Detroit of Group C, and the through rates obtained by this method are adjusted so as not to be less than rates from the same points of origin to Ogden and Salt Lake City.

Class rates from Chicago and points west to Utah are made with relation to those applied to the Montana Common Points. In the Colorado Manufacturers Case,[4] the Commission prescribed certain differentials to be used in making rates from Chicago and the Mississippi River to Colorado points as compared with rates from the Missouri River, and the carriers have used these differentials in making rates from the same territories to the Utah Common Points. The differentials referred to are as follows:

Classes	1	2	3	4	5	A	B	C	D	E
Mississippi River	47	35	27	20½	16	18	14	13	9	7
Chicago	65	53	36	25	20	24½	21	17	14	11

The first-class rate from Chicago to Montana Common Points is $2.65. By deducting the differential of 65 cents between the Chicago and Missouri River rates as fixed by the Commission in the Colorado Manufacturers Case, a through first-class rate of $2 is made from the Missouri River to Utah Common Points. Rates on the other classes are then made on the following percentages of the first-class rate, subject to the St. Paul-Montana common points rates as maxima:

Classes	1	2	3	4	5	A	B	C	D	E
Percentages	100	85	75	65	50	55	40	35	25	21

[4] 28 I. C. C. Rep. 82; 29 I. C. C. Rep. 544.

Rates from Chicago and Mississippi River points are then made by adding to the Missouri River rates the Chicago and Mississippi River differentials fixed by the Commission in the Colorado Manufacturers Case, subject to the Chicago-Montana common points rates as maxima.

In Table 9 are shown the through published rates to Utah Common Points. It will be noted that the basis outlined in the foregoing has been adhered to so far as rates from the Missouri River are concerned, but that from Chicago and the Mississippi River the carriers have established rates on some of the lower classes somewhat less than would obtain under this basis. In order that the figures may be conveniently proven, the rates from Chicago and St. Paul to Montana Common Points are also given, as the Montana rates are held as maxima to Utah.

TABLE 9

CLASS RATES TO UTAH COMMON POINTS

To Utah Common Points From	Classes									
	1	2	3	4	5	A	B	C	D	E
Missouri River	200	170	150	126	100	105	80	70	50	42
Mississippi River	247	205	176	143	116	120½	94	81	59	49
Chicago	265	223	185	149	121	128	101½	86	64	54
To Montana Common Points From	**Classes**									
	1	2	3	4	5	A	B	C	D	E
Chicago	265	226	185	149	123	128	102	86	76	66
St. Paul	210	181	150	126	105	105	84	70	63	55

CHAPTER VII

CALIFORNIA TERMINALS AND INTERMEDIATE POINTS—Continued

In Section One the predominating influence that water competition bears on the all-rail rates has been outlined more or less in detail and also the difficulties the rail carriers encounter in meeting this competition and at the same time conserving their revenues sufficiently to make the traffic remunerative. To this water competition may be assigned the reason for many of the existing commodity rates applying to the Pacific Coast Terminals. No fixed basis has been observed in making commodity rates to the Terminals such as is employed to the Intermediate Territory, and on water competitive commodities carriers have seemingly adjusted their rates to approximate, as near as possible, those operative via the Panama Canal. There are numerous commodity rates published on which there is little or no water competition, and on these commodities, which the steamers do not carry, either by reason of bulk, legal restrictions, or otherwise, the carriers have been able to hold their rates to a level which affords them a return for the services rendered considerably in excess of that received on some of the heavy sea-moving articles.

The commodities on which through rates are published have been divided into three lists: In Fourth Section Order 124, the Commission designated these lists as Schedules "A," "B," and "C." Schedule A embraces the articles on which the rail carriers do not attempt to

meet the competition of the boat lines through the Panama Canal, while Schedule B covers the commodities on which the water competition exerts an influence in the making of the all-rail rates, but not to the extent found in connection with the Schedule-C list. Rates on the articles in Schedule A are applied as a blanket to all destination points on the Pacific coast, while the rates on the articles in the Schedule-B list to the Intermediate Territory are held certain percentages in excess of the rates to the Terminals. Schedule C is the list of commodities on which there is acute water competition which bears a most decided influence on the all-rail rates.

1. Schedule-A Commodities

Rates on the commodities in the Schedule-A list are applied as a blanket to all destinations in the Trans-Continental California Tariff, with the exception of a few points in the Tonopah-Goldfield district of Nevada. They include branch-line stations which on the other schedules are assessed certain arbitraries over the main-line junction point rate. It is well to note this feature particularly, as these so-called "plus" points are given the benefit of terminal rates on the classes and also on the commodities in the Schedule-A list, but commodities in the B and C schedules are charged the rate to the basing point plus the local to destination.

Rates under this schedule are on a very low plane; the Chicago rates range from 45 cents per hundred-weight on coke, in carloads, to $3 per hundred-weight on high explosives and automobiles. These rates, moreover, are not applied from points east of Chicago except in a few cases; in fact, out of some 125 items in this

list, only about one-third apply from territory east of Chicago.

It will be impossible to analyze the basis used in constructing rates in this schedule without going into a mass of detail and treating each commodity separately. It may be stated, however, that as a general rule these low rates are the result of market competition and that they were established to enable the markets in the Middle West to compete with those located nearer the source of consumption. In the instances where the rates in this list are not extended east of Chicago, it is due to the fact that there is no actual movement from the eastern territory, or where there is a movement, rates could not profitably be made sufficiently low to enable the eastern producer to compete with the home markets.

2. Schedule-B Commodities

The rate structure on the commodities contained in the B and C schedules affords a more interesting study than those in Schedule A for the reason that it is of comparatively recent origin and is a great deviation from the old methods of constructing rates in this territory.

A large percentage of the traffic to the Pacific coast moves under these schedules; in fact, it might be said that practically all the commodities shipped from points east of Chicago are contained in the B and C lists. As the conditions surrounding the two schedules are largely dissimilar, it is necessary that they be treated separately. We will, therefore, proceed with the discussion of the rates on the articles listed in Schedule B.

It has been stated that the B list contains the com-

modities on which the water competition is not so acute as the Schedule-C articles. It is also true that the articles in this schedule do not compete, to any appreciable extent, with the markets on the Pacific coast, as is the case with the Schedule-A list. Therefore, the carriers are able to hold these rates on a higher plane than in the two other schedules, and it will undoubtedly be found that a large proportion of their revenues is derived from the rates applied on articles in this schedule.

The rates on Schedule-B commodities apply to both Terminals and Intermediate Territory. The terminal rates are applied almost without exception as a blanket from all groups of origin; such exceptions as are noted are generally brought about by combination rates from some western group making a lower through rate than would be accorded it under the blanket system. These terminal rates have, with some exceptions, been in effect a number of years, and as in the Schedule-A list, cannot well be analyzed as a whole. They have been established from time to time to meet the needs of the shipping public, and no fixed basis has been observed in their construction.

The rates on Schedule-B commodities to the Intermediate Territory from points east of the Missouri River are made certain percentages over the rates applying to the Terminal Points. From the Missouri River and west the terminal rates are held as maxima to the Intermediate Points.

In Fourth Section Order 124, the Interstate Commerce Commission has divided the country into five zones and has allowed the carriers a measure of relief from the provisions of this section constructing rates

from these zones to the intermountain territory. These zones are fully described in the following:

(a) Rate Zones Used in Constructing Rates to Points Intermediate to California Terminals

Zone 1

Zone 1 includes all territory in the United States lying west of the following line: (a) Beginning at the intersection of the north boundary of the state of Minnesota with the northwestern shore of Lake Superior; thence northwesterly along the shore of Lake Superior to a point immediately west of Duluth, Minn.; thence following the west boundary of Trans-Continental Group D, to its intersection with the northern boundary of Trans-Continental Group E; thence following the east boundary of Group E to a point at or near Norwood, Minn.; thence following an imaginary line through Hutchinson, Minn., to Wilmar, Minn.; thence via the line of the Great Northern Railway through Benson, Morris, Herman, Yarmouth and Moorhead, Minn.; thence along the line of the Great Northern Railway to Fargo, N. D.; thence to Yarmouth, Minn.; thence to Newton, N. D.; thence via the line of the Chicago & North-Western Railway to Oakes, N. D.; thence via the Minneapolis, St. Paul & Sault Ste. Marie Railway to Monango, N. D.; thence via the Chicago, Milwaukee & St. Paul Railway to Edgeley, N. D.; thence via the Chicago, Milwaukee & St. Paul Railway to Monango; thence via the Minneapolis, St. Paul & Sault Ste. Marie Railway to Wishek, N. D.; thence via an imaginary line through Linton, N. D., and Mobridge and Gettysburg, S. D.; thence via the Chicago North-Western Railway to Pierre, S. D.; thence follow-

ing the north bank of the Missouri River to its intersection with the west boundary of Trans-Continental Group F; thence following the west boundary of Group F to the southeast corner of the state of Kansas; thence along the west boundary of the state of Missouri to the northwest corner of the state of Arkansas; thence along the west of the Kansas City Southern Railway to the Gulf of Mexico.

Zone 2

Zone 2 includes all territory lying east of the line (a) above described and west of a line called line (c), which begins at the international boundary between the United States and Canada immediately west of Cockburn Island in Lake Huron; passes westerly through the Straits of Mackinac; southerly through Lake Michigan to its southern boundary; follows the west boundary of Trans-Continental Group C to Paducah, Ky.; thence follows the east side of the Illinois Central Railroad to its intersection with the south boundary of Group C; thence follows the east boundary of Group C to the Gulf of Mexico.

Zone 3

Zone 3 includes all territory in the United States lying east of the line (c), and north of the south boundary of Trans-Continental Group C, and on the west of line (d), which is the Buffalo-Pittsburgh line from Buffalo, N. Y., to Wheeling, W. Va., marking the western boundary of Trunk Line Freight Association Territory, and thence follows the Ohio River to Huntington, W. Va.

Zone 4

Zone 4 includes all territory in the United States east of line (d) and north of the south boundary of Trans-Continental Group A.

Zone 5

Zone 5 includes all territory in the United States south and east of Trans-Continental Group C.

The above zones apply only in connection with traffic destined to territory intermediate to California Terminals, and differ slightly from those applying to North Pacific coast points, which will be described in a succeeding chapter.

Zone 1 comprises the territory located in Trans-Continental Groups F, G, H, and J; Zone 2, Trans-Continental Groups D and E; Zone 3, Trans-Continental Groups B and C; and Zone 4, Trans-Continental Group A; while Zone 5 covers territory which is not included in any Trans-Continental group.

Carriers are permitted to apply higher rates to points intermediate to Pacific Coast Terminals than to the Terminals, provided the rates to the Intermediate Territory do not exceed the rates to the Terminals by more than 25 per cent from Zone 4, 15 per cent from Zone 3, and 7 per cent from Zone 2.

Applications of the carriers for permission to maintain higher rates from Zone 1 were denied by the Commission for the reason as stated, viz., that the eastern boundary of this zone is approximately 1500 miles from the Atlantic seaboard and no traffic has ever been, and none probably ever will be, transported from this section to the Atlantic coast and thence by water to the

Pacific coast. Therefore, the Schedule-B rates from points in this zone to the Terminals are held as maxima to the Intermediate Territory. In Table 10 are shown several items taken from one of the trans-continental issues which are illustrative of this method of rate construction. It will be noted that the items designated Schedule B are strictly in accordance with the above basis and that the rates in the items marked Schedule A are the same to both the Terminals and the Intermediate Points.

3. Use of Combination Rates

It has been found that in a territory as extensive as that covered by the trans-continental tariffs, numerous combination rates exist which will make a lower charge than the through published rate. Particularly is this true with respect to the Schedule-A commodities where the rates do not apply from points east of Chicago, as by adding to the Chicago rate the local from New York, Pittsburgh, Cleveland, etc., a through rate may be made lower than the class rate from the point of origin. The same principle can be applied to points in different origin groups but located only a few miles apart, as for example, Terre Haute, Ind., taking Group-C rates, and Paris, Ill., taking Group-D rates. The Group-C first-class rate to the Terminals is $3.50; the Group-D, $3.40, a difference of 10 cents. As a hypothetical illustration, we will say the first-class rate from Terre Haute to Paris is 8 cents, which, added to the Paris rate, would make a through rate from Terre Haute of $3.48, or 2 cents lower than the through published rate from Terre Haute. On the destination end the same conditions are found, as

TABLE 10

REPRESENTATIVE SCHEDULE-B ITEMS[1]

Articles In Carloads (except as noted) Minimum Weight 30,000 lbs., except as otherwise provided	Rates in Cents per 100 Pounds																	
	To Points Taking Terminal Rates From Points Taking Rates Applicable to Groups									To Points Taking Intermediate Rates From Points Taking Rates Applicable to Groups								
	A	B	C	D	E	F	G	H	J	A	B	C	D	E	F	G	H	J
SCHEDULE B																		
AGRICULTURAL IMPLEMENTS, *viz.*: Reapers, mowers, mower knife grinders, headers, binders, hay tedders, rakes (other than hand), and extra parts for same, min. wt. 24,000 lbs.....	125	125	125	125	125	125	125	125	125	156	144	144	134	134	125	125	125	125
DRY GOODS, in bales or in boxes, unless otherwise provided, viz.: cotton drills, cheese cloth, cotton sheetings and cotton bagging, including clayed cotton bagging, bleached or unbleached, also cotton duck and cotton denims	100	100	100	100	100	100	90	90	90	125	115	115	107	107	100	90	90	90
HAIR, N. O. S. (including hair in rope, and cattle switches but not including human hair), compressed in bales, less than carloads.....	200	200	200	200	200	200	200	200	200	250	230	230	214	214	200	200	200	200
STOVES, viz.:																		
Cooking cabinets or fireless cookers, and iron or stone heaters for heaters for same, crated, min. wt. 24,000 lbs.	150	150	150	150	150	150	150	150	150	188	173	173	161	161	150	150	150	150

[1] Taken from Trans-Continental Tariff 1-N.

TABLE 10—Concluded

Representative Schedule-A Items[1]

Articles In Carloads (except as noted) Minimum Weight 30,000 lbs., except as otherwise provided	Rates in Cents per 100 Pounds																	
	To Points Taking Terminal Rates From Points Taking Rates Applicable to Groups									To Points Taking Intermediate Rates From Points Taking Rates Applicable to Groups								
	A	B	C	D	E	F	G	H	J	A	B	C	D	E	F	G	H	J
Schedule A																		
Hair, Plastering, in bales, min. wt. 24,000 lbs., subject to Rule 6-B of current Western Classification.....	...	...	...	100	100	100	100	100	100	...	...	...	100	100	100	100	100	100
NOTE.—Rates named will also apply to Mound House, Nev.																		
Household Goods, viz.:																		
Household goods, taking first-class rating under heading of "household goods or emigrant movables" in current Western Classification, the value of each article which is declared by the shipper not to exceed $10.00 per 100 lbs. (or the proportionate amount thereof if weight is less than 100 lbs.) and so stated on bill of lading, charges must be prepaid or guaranteed; less carloads	...	...	...	255	255	225	225	225	225	...	...	...	255	255	225	225	225	225
NOTE.—Will not apply on Bicycles, Vehicles, nor Boats of any description.																		
Machinery and Machines, viz.:																		
Engines, traction, including cylinder water wagons or tank wagons, but																		

the shipper can in some cases consign a car to a Terminal Point and reship it from the terminal back to an Intermediate Point at a lower through charge than the "going" rate to the Intermediate Point. As a further illustration in point: A carload of paint can be shipped from New York to San Francisco at a through rate of 75 cents per hundred-weight, and assuming that the local rate from San Francisco to Sacramento is 25 cents, it can, by rebilling from San Francisco, be delivered in Sacramento for $1.00. The through published rate from New York to Sacramento is $1.10. Such combinations can no doubt be found *ad finitum.* For that reason the Commission has permitted the carriers, as a temporary measure, to provide a clause in their tariffs to the effect that the aggregate of intermediate rates will be applied when less than the through published rate; or in other words, any possible combination that will defeat the through rate may be applied in lieu of the through rate. In the application of these alternative combinations it should be understood that the traffic must be forwarded via the junction point on which the combination is made. It is expected that the carriers will soon take steps to line up their tariffs to comply with the law and the Commission's regulations in this respect, as the Commission has set October 1, 1918, as the date these alternative clauses must be eliminated from the tariffs.

4. Schedule-C Commodities

It has been stated that rates on the articles contained in the Schedule-C list are made extremely low on account of active water competition through the Canal. The Commission has recognized this competition and has

granted the carriers a measure of relief from the Fourth Section that enables them to make their rates to the Terminals low enough to secure a share of the business. At the same time it has adjusted the rates to the Intermediate Territory on a basis somewhat similar to that employed in connection with the Schedule-B list. However, owing to the many different issues which enter into the transportation of the articles in the Schedule-C list, the adjustment is more complicated than in the other schedules and requires considerable study in order to be digested.

The original order of the Commission, which has been previously referred to herein, contemplated the establishment of rates on all commodities to the intermountain territory, 25, 15, and 7 per cent from New York, Buffalo, and Chicago, respectively, in excess of the rates to the Terminals. At that time, however, no consideration was given with respect to according the carriers additional relief on the articles which move in great quantities by water. Supplementary applications were then made by the carriers, naming the water competitive commodities and praying the postponement of the effective date of the original order, pending an investigation into the rates on these articles. It was alleged that the low rates made necessary on the articles in this list by reason of the water competition rendered them less than reasonable or fairly remunerative when applied to the Intermediate Territory even when increased by the percentages authorized by the Commission. These applications were granted, and after an investigation the Commission upheld the contention of the carriers and granted them, to some extent, the additional relief sought on these commodities. Under this authority the

carriers were permitted to establish rates to the Intermediate Territory upon the following basis.

Using the rates from the Missouri River as a base, the rates from eastern territory are generally made by adding to the Missouri River rates the following differentials: From Chicago, 15 cents per hundred-weight on carloads, and 25 cents on less than carloads; from Buffalo, 25 cents on carloads, and 40 cents on less than carloads; and from New York, 35 cents on carloads, and 55 cents on less than carloads. These differentials were arrived at by using the differences in the class rates from New York, Buffalo, and Chicago as compared with the Missouri River rates and by approximating them to correspond with the commodities listed in this schedule.

No relief was granted from the Missouri River and other points in Zone 1 except in connection with articles on which the rates are extremely low, and on these commodities still further relief was also granted from Zones 2, 3, and 4. The following is the basis on which rates are constructed on these low-rated commodities.

On commodities moving in carloads which take a lower rate than 75 cents from the Missouri River to the Terminals, carriers are allowed to apply higher rates to the Intermediate Territory, provided the rate from the Missouri River to the Intermediate Points does not exceed 75 cents. On articles taking first-class and second-class ratings in less than carloads under the Western Classification and upon which the rate from the Missouri River to the Terminals is less than $1.72, carriers are permitted to maintain higher rates to the interior, provided the rate from the Missouri River to the interior does not exceed $1.72. On articles listed in the Western Classification as third class or lower in less than carloads, on

which the Missouri River-Terminal rate is less than $1.25, a higher rate is allowed to the Intermediate Points, provided the rate from the Missouri River to the Intermediate Points does not exceed $1.25.

In constructing rates to the intermountain territory on this basis we shall take as an example an item on sheet iron, in carloads, on which the rates to the Terminals are 75 cents from Groups A, B, and C, 65 cents from Groups D, E, F, G, and H, and 50 cents from Group J. This rate being less than 75 cents from the Missouri River (Group F), we are permitted to hold the interior territory on a higher basis, provided the rates to the interior are not higher than 75 cents. Therefore, we shall name this figure as the rate from the Missouri River and other points in Zone 1. Having set the Missouri River rate, we shall use the differentials named in the foregoing and make the Chicago (Zone 2) rate 90 cents; Buffalo (Zone 3), $1.00; and New York (Zone 4), $1.10; these figures are 15, 25, and 35 cents, respectively, in excess of the Missouri River rate.

As a less-than-carload illustration, we shall take an item on earthenware, in boxes or barrels, on which the rate to the Terminals is $1.50 from all groups. Since this article is classified as second class in the Western Classification, when shipped in boxes or barrels, the carriers are permitted to establish a maximum rate of $1.72 from the Missouri River to the interior. By using the less-than-carload differentials named above, the rates from Chicago, Buffalo, and New York are made 25, 40, and 55 cents, respectively, higher than from the Missouri River, or Chicago, $1.97; Buffalo, $2.12; and New York, $2.27. The same commodity shipped in casks or crates is rated third class, and as

the terminal rate from the Missouri River, which is $1.50, is higher than $1.25, we are required to hold the Missouri River-Terminal rate as maximum from the Missouri River to Intermediate Points. The same differentials are applied in constructing rates from east of the Missouri River, making the Chicago rate $1.75; Buffalo, $1.90; and New York, $2.05. Items taken from Trans-Continental Tariff 1-N, naming rates on these commodities are shown in Table 11, in which it will be seen that this plan has been followed.

In this table it will be noted that rates are published to points taking Goldfield District rates. This district comprises some half-dozen points in southwestern Nevada, and rates thereto are made on a combination basis. As a general rule, the Hazen, Nevada, Las Vegas, Nevada, or Ludlow, Cal., combination is found to make the through rates to these points.

The basis outlined in the foregoing is used in constructing rates on all articles in the Schedule-C list with the exception of coal and pig iron. On these commodities the carriers are permitted to apply higher rates to the Intermediate Territory than to the Terminals, provided the rates to the interior do not exceed 5 mills per ton-mile.

It has been shown that the terminal rates formerly applied to practically all main-line stations in California, whereas now they are applicable only to the water-washed ports, all other points having been transferred to the intermediate list. These Intermediate Points are located in what is termed "back-haul" territory, and as a further means of enabling carriers to meet the water competition on the articles in the Schedule-C list,

TABLE 11

Representative Items Showing Schedule-C Commodities[1]

Articles Minimum Weight, Carloads, 30,000 Pounds, except as otherwise provided	Class Arbitrary Carloads only	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To Points Taking — Terminal Rates L. C. L.	C. L.	Intermediate Rates L. C. L.	C. L.	Goldfield District Rates L. C. L.	C. L.
Earthenware, Chinaware, Majolica Ware, Stoneware, viz.: Earthenware, in boxes, barrels, hogsheads or tierces ..... NOTE.—Will not apply on ornaments nor plumbers' earthenware.	.....	Group A	150	...	227	...	353	...
		Group B	150	...	212	...	353	...
		Group C	150	...	212	...	353	...
		Group D	150	...	197	...	339	...
		Group E	150	...	197	...	339	...
		Group F	150	...	172	...	314	...
		Group G	150	...	172	...	314	...
		Group H	150	...	172	...	314	...
		Group J	150	...	172	...	314	...
Earthenware, in casks or crates..... NOTE.—Will not apply on ornaments nor plumbers' earthenware.	.....	Group A	150	...	205	...	333	...
		Group B	150	...	190	...	318	...
		Group C	150	...	190	...	318	...
		Group D	150	...	175	...	303	...
		Group E	150	...	175	...	303	...
		Group F	150	...	150	...	278	...
		Group G	150	...	150	...	278	...
		Group H	150	...	150	...	278	...
		Group J	150	...	150	...	278	...

[1] Taken from Trans-Continental Tariff 1-N.

Representative Items Showing Schedule-C Commodities[1]

Articles Minimum Weight, Carloads, 30,000 Pounds, except as otherwise provided	Class Arbitrary Carloads only	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To Points Taking — Terminal Rates L. C. L.	Terminal Rates C. L.	Intermediate Rates L. C. L.	Intermediate Rates C. L.	Goldfield District Rates L. C. L.	Goldfield District Rates C. L.
Iron and Steel, Articles of, viz.:		Group A	...	75	...	110	...	200
		Group B	...	75	...	100	...	200
		Group C	...	75[2]	...	100	...	200
Sheet, No. 12 and lighter (Black or Galvanized, but exclusive of Planished or Russia), not bent or punched; Corrugated, including Ridge Rolls and Flashings; min. wt. 50,000 pounds	5	Group D	...	65	...	90	...	190
		Group E	...	65	...	90	...	190
		Group F	...	65	...	75	...	177
		Group G	...	65	...	75	...	177
		Group H	...	65	...	75	...	177
		Group J	...	50	...	75	...	175
Roofing, Prepared (Asbestos, Paper, Burlap or Felt, treated with tar, pitch, asphalt or similar filler or binder, coated or not coated with gravel, slag, sand, mica or other similar coatings)		Group A	...	80	...	115	...	217
		Group B	...	80	...	105	...	207
Asphalt Shingles		Group C	...	80	...	105	...	207
Roofing Cement		Group D	...	80	...	95	...	197
Roofing Felt and Building Paper (except Asbestos Building Paper or Felt); Indented or Corrugated Paper.	.....	Group E	...	80	...	95	...	197
		Group F	...	80	...	80	...	182
		Group G	...	80	...	80	...	182
Roof Coating (not Paint or Stain)		Group H	...	80	...	80	...	182
Tar Board; Binders' Board; Wood Pulp Board; Wall Board; Box Board; Strawboard		Group J	...	60	...	60	...	162
NOTE.—With carload shipments of prepared roofing, there may be included tin roofing caps and nails not to exceed 10 per cent of weight of entire carload at the rate named.								

Min. wt. 40,000 pounds

[2] Rates from points in Alabama and Tennessee taking Group-C rates, will be 65 cents per 100 pounds.

the Commission has authorized an alternative application that may be applied to this back-haul territory.

This application provides that in cases where the published through rate can be defeated by adding to the terminal rate 75 per cent of the local rate applying from the Terminal back to destination, the combination so made may be used in preference to the published through rate. This application applies only in connection with the Schedule-C commodities on which water competition exerts a controlling influence and is in recognition of the disadvantage suffered by these points by reason of their geographical location. Jobbers in this territory are in competition with the coast Terminals having the natural advantage of water transportation, and this advantage has been extended to the interior in some degree under this method of constructing rates. To a large part of this territory, which extends inland some 300 miles from the coast, the actual combination on a coast Terminal, made by using the full local rate from the Terminal back to destination, will make a lower charge than can be obtained by use of the differentials previously referred to. Thus it naturally follows that by use of 75 per cent of the local rate, the area to which this basis can be applied is increased and jobbers located in the interior are given the benefit of meeting the competition of the coast Terminals to the extent that their geographical location entitles them.

CHAPTER VIII

PACIFIC FREIGHT TARIFF BUREAU TERRITORY

Within comparatively recent years the carriers operating on the Pacific coast established the traffic association known as the Pacific Freight Tariff Bureau; rates between points within the boundaries of this association are published by the agent of this bureau. In this connection it is interesting to note that the eastern boundary of the territory of the Pacific Freight Tariff Bureau corresponds with the western boundary of Trans-Continental Group J. The origin territory covered by the westbound tariffs of the trans-continental lines extends from the northern coast of Maine to and including the Colorado Common Points, and rates between California points and points west of the Colorado Common Points are published in the tariffs of the Pacific Freight Tariff Bureau. The tariffs of this bureau also provide for rates between California points and the North Pacific Coast Territory, including the Utah and Montana common points.

The rates in this territory are on a very high plane compared with rates in other parts of the country, but it should not be overlooked that the roads serving this territory traverse a very mountainous and thinly populated region, tending to make the operating and maintenance expenses excessive and justifying higher charges than applied in the level and more thickly populated districts.

These rates were formerly used to a large extent in making rates to the Intermediate Territory on traffic from the East; that is, the local rates in this territory were added to the rates applied to the Terminals in order to make the rates to Reno, Winnemucca, and other Intermediate Points. This arrangement is also used to some extent today. It has been shown that under an alternative application in the trans-continental tariffs shippers have the privilege of using the lowest available combination in preference to a through rate, and it not infrequently happens that the coast combination to an Intermediate Point, made by using the rate to the Terminal plus the local back to an Intermediate Point, will make less than the "going" rate to the Intermediate Point. On the Schedule-C commodities this privilege is further amplified by use of 75 per cent of the local back from the Terminal. The local rates referred to are those authorized in the territory of the Pacific Freight Tariff Bureau. In Table 12 are shown a few rates applied between representative points in this territory.

TABLE 12

Class Rates between Points in Pacific Freight Tariff Bureau Territory

Between Utah Common Points and	Rates in Cents per 100 Pounds — Classes[1]									
	1	2	3	4	5	A	B	C	D	E
San Francisco ....Cal. Oakland ..... "	154	131	115½	96	79½	79½	62	56	46	38½
Los Angeles ..... " San Bernardino... "	154	131	115	96	79½	79½	62	56	38	31½
Between Los Angeles, Cal., San Bernardino, Cal., and										
Granger .....Wyo.	232	199	172	143	118½	113½	91	78	54	44½
Azusa ..... "	233	200	173	144	119½	114½	92	79	55	44½
Marston ..... "	235	202	173	145	120½	115½	93	80	55	45½
Bryan ..... "	237	203	173	145	121½	116½	94	81	56	45½
Peru ..... "	237	203	175	146	122½	117½	95	81	56	45½
Green River ..... "	237	203	175	146	123½	118½	96	82	57	46½
Tie Spur ..... "	239	203	177	148	124½	119½	97	83	58	46½
Kanda ..... "	242	204	180	151	125½	120½	98	83	58	47½
Blairtown ..... "	242	204	180	151	126½	121½	99	83	59	47½
Rock Springs ..... "	242	204	180	151	126½	121½	99	83	59	47½
Bonnie Clare .....Nev. San Carlos ..... " Wagner ..... " Stonewall ..... " Ralston ..... " Red Rock ..... " Goldfield ..... "	240	213	192	167	145	145	99	92	73	69
Between San Francisco, Cal., and										
Butte .....Mont. Silver Bow Jct.. " Durant ..... " Anaconda ..... " Browns ..... "	210	181	150	126	105	105	84	70	63	55

[1] Governed by Western Classification.

TABLE 12—Concluded

Class Rates between Points in Pacific Freight Tariff Bureau Territory

Between San Francisco, Cal., and	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
Aldona ..... Ariz.	195	162	142	119	97	97	80	69	64	55
Rita ..... "	200	165	144	120	98	98	81	70	65	57
Vail ..... "	204	169	148	123	100	100	83	72	67	59
Cienega ..... "	207	171	150	125	102	102	85	74	68	60
Pantano ..... "	210	173	151	126	103	103	86	75	69	60
Whetstone ..... "	215	180	158	132	108	108	90	78	72	61
Fairbank ..... "	215	180	160	137	113	113	92	79	72	62
Tombstone ..... "	224	188	167	143	118	118	96	81	74	63
Charleston ..... "	224	188	160	143	117	117	94	81	74	63
Lewis Springs .... "	227	190	160	145	118	119	95	82	74	64
Fort Huachuca.... "	233	196	169	146	120	120	96	83	75	64
Hereford ..... "	233	196	160	145	118	123	97	83	75	64
Naco ..... "	235	200	160	145	118	126	100	83	75	64
Osborn ..... "	235	200	160	145	118	127	101	83	76	64
Don Luis ..... "										
Lowell ..... "	235	200	160	145	118	127	101	83	76	65
Bisbee ..... "										
Douglas ..... "	235	200	160	145	118	127	104	83	78	66
McNeal ..... "	240	204	171	155	126	135	109	90	81	69
Elfrida ..... "	240	204	174	157	128	137	109	90	81	69
Caliente ..... "	240	204	177	160	130	139	109	90	81	69
Courtland ..... "	240	204	181	163	133	139	109	90	81	69
Apache ..... "	235	200	160	145	118	127	107	83	80	69
Rodeo ..... N. M.										
Pratt ..... "	235	200	160	145	118	127	107	83	80	70
Hachita ..... "										
Hermanas ..... "										
Columbus ..... "										
Noria ..... "	235	200	160	145	118	127	107	83	80	70
Pelea ..... "										
El Paso ..... Tex.										

[1] Governed by Western Classification.

SECTION THREE

CHAPTER IX

NORTH PACIFIC COAST AND INTERMEDIATE TERRITORIES

1. North Pacific Coast Terminals

The westbound rates of the trans-continental lines are carried in four publications, applying: (1) to California Terminals and Intermediate Points; (2) to North Pacific Coast Terminals and Intermediate Territory, including points in British Columbia and Spokane Territory; (3) to Montana Territory; and (4) from Southeastern and Carolina territories to both North Pacific Coast and California points. The North Pacific Coast Tariff applies from the same origin territory as the California Tariff, and the rates in the two publications are closely related. As in the California adjustment, the rates to the North Pacific Coast Intermediate Territory are the result of the Commission's Fourth Section Order 124, and with some exceptions the rate structure to California points can be used in arriving at rates applied to the North Pacific Coast Territory.

Terminal rates on the water competitive commodities (Schedule C), to the North Pacific coast are applied only to the water-washed ports at which the Atlantic steamship lines discharge cargo as follows: Astoria and Portland, Ore., and Bellingham, South Bellingham, Everett, Aberdeen, Anacortes, Hoquiam, Cosmopolis,

Tacoma, Seattle and Vancouver, Wash. There are a number of points located within the switching limits of the points named as Terminals to which terminal rates are applied because of competition with the water lines. There are also a number of other points given the benefit of terminal rates on the articles in the Schedule-A and Schedule-B lists. The adjustment to these points will be explained in the discussion of rates to the Intermediate Territory.

The intermediate rates are extended over an area about equal to that on the California end; they are also applied as maxima rates to the Montana Territory from territory east of Chicago. Rates from Chicago and west to Montana are on a lower basis than applied to the North Pacific Coast Intermediate Territory.

The Intermediate Territory referred to has reference to all points east of the Terminals themselves to which the terminal rates are not applied. There is no designated Intermediate Territory to which rates are published as in the California adjustment, but on the North Pacific coast the Intermediate Territory is divided into several districts for the purposes of rate publication. These districts are designated as "Interior Coast," "Columbia River," and "Spokane" rate territories. In addition to these there is the Maximum Rate Territory applied in connection with rates on the articles in the Schedule-C list. This district will be described in the chapter devoted to the Schedule-C rates.[1]

The Interior Coast rates are made by adding arbitraries of 5 cents per 100 pounds on carloads, and 10 cents on less than carloads, to the terminal rates. The rates to the Columbia River and Spokane districts are

[1] Page 90.

held certain percentages over the rates applied to the Terminals. Owing to the many differences in the rate structure to the different districts, it is necessary that each be dealt with separately. We will, therefore, begin by taking up the adjustment covering the rates to the Terminals.

(a) Class Rates to North Pacific Coast Terminals

The class rates to the North Pacific Coast Terminals are the same as applied to the California Terminals via the all-rail lines except from points taking Group-G and Group-H rates. To the North Pacific coast, rates from Group G (Kansas) are made the same as from Group F (Missouri River), and rates from Group H (Texas) are the same as from Group D (Chicago). This is brought about by the increased haul from these groups to the North Pacific coast as compared with the haul to California; the distance from Group G approximating that from the Missouri River, and the distance from Group H being about the same as from Chicago. The distance from Groups G and H to the California Terminals is materially less than to the North Pacific coast.

It has been shown (see Table 7) that class rates are published to the California points via the rail lines to North Pacific coast ports and thence via water to destination on a basis slightly different from that applied via the direct lines. This difference is found only in connection with the points taking Group-G and Group-H rates. It will also be noted that the rates in this table are the same as shown in Table 13 applying to the North Pacific Coast Terminals. To the California points the rates via the direct rail lines from Groups G and H are lower than to the North Pacific coast on

account of the comparative nearness of these groups to California; but to apply these rates to California via the routes through the North Pacific coast ports in connection with the boat lines would create a violation of the Fourth Section. Therefore, in order to avoid this Fourth-Section violation it is necessary for the northern lines to maintain rates to California not lower than those published to the North Pacific coast ports.[2] The rail-and-water route is available to the North Pacific coast points the same as to California; that is, the California lines are able to participate in traffic to the North Pacific coast in connection with the boat lines operating from the California ports, but in this case the rates are the same as applied via the direct rail lines. Table 13 shows the class rates applied to the North Pacific Coast Terminals. These rates were established in 1912 at the same time the California terminal rates were put into effect and were arrived at on the same basis used in constructing the California rates.

TABLE 13

CLASS RATES TO NORTH PACIFIC COAST TERMINALS[1]

To	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds (Governed by Western Classification)									
		Classes									
		1	2	3	4	5	A	B	C	D	E
North Pacific Coast Terminals.	Group A	370	320	265	225	190	192	152	120	115	105
	Group B	360	310	260	220	185	187	148	117	112	105
	Group C	350	303	252	215	180	182	145	115	110	98
	Group D	340	295	245	207	175	177	140	110	105	98
	Group E	330	285	238	200	168	172	135	105	102	92
	Group F	300	260	220	183	160	160	123	95	93	85
	Group G	300	260	220	183	160	160	123	95	93	85
	Group H	340	295	245	207	175	177	140	110	105	98
	Group J	260	225	190	160	140	140	107	83	80	77

[1] Taken from Trans-Continental Tariff 4-L.

[2] From Group H fourth section violation has been sanctioned.

The rates in this table are extended eastward to the points taking Interior Coast and Columbia River commodity rates, but not including the Spokane Territory. Rates to Spokane are on a lower basis than applied to the Terminals. The adjustment to this territory will be explained in a succeeding chapter.

(b) Commodity Rates to North Pacific Coast Terminals

The commodity rates to the North Pacific Coast Terminals, as well as to the Intermediate Points, are much the same as applied to California, both with respect to the commodities and to the actual rates published. The reason for this is that the North Pacific coast is in active competition with California for the Pacific coast trade. It is to the interest of the northern lines that they name rates to the territory served by them that will enable this territory to compete with the California jobbers and that they assist in the upbuilding of this territory to keep pace with the more densely populated and increasing industrial activities on the south. This can be done only by naming rates on a level with those applied to the California Territory.

The routes available on traffic to the North Pacific coast are the same as to California, except that there is no differential basis of rates applied in connection with the steamer lines operating via the Atlantic and Gulf ports to the North Pacific Coast Territory. It has been shown that the California lines operate a line of steamers from the Atlantic seaboard connecting with the rail lines at the Gulf ports and that Chicago rates are applied from New York via this route. One of these lines (the Morgan Line) is controlled by the Southern

Pacific Company, and as the Southern Pacific Company's rails reach the North Pacific Coast Territory, as well as California, this route is open on North Pacific coast traffic, but in this case the flat New York rates are applied.

Water competition is the same to both North and South Pacific coast points, and the present rates are largely the result of this competition through the Canal. Formerly, there was a differential basis of rates in effect to North Pacific Coast Territory in connection with the boat lines operating on the Great Lakes, under which rates were made somewhat lower than applied via the all-rail lines, but this application was cancelled in the latter part of 1914, and since then no through rates have been published in connection with these boat lines. This differential basis was never applied to California points.

On account of the competition of the boat lines through the Panama Canal, the rates on articles which move freely by water to the North Pacific coast have been reduced since the opening of the Canal to meet more nearly those named by the boat lines.

2. North Pacific Coast Intermediate Territory

(a) Class Rates

The Trans-Continental North Coast Tariff names through rates to a number of points in British Columbia reached by boat lines operating on Puget Sound. These through rates are arrived at by adding certain arbitraries to the rates applying to the terminals—Vancouver, Westminster, and points reached by the rail lines as well as the boat lines being assessed 5 cents

Redondo Beach, San Diego, San Francisco, San Pedro, and Wilmington. The "Intermediate Territory" covers all points west of Deming, N. M., and west of the Utah Common Points. As this section is devoted to the California adjustment, the North Pacific Coast Terminals and Intermediate Territory will be described in a later chapter.

1. Class Rates to California Terminals

The volume of trans-continental traffic moving under class rates is very small, as practically all the westbound business in carload lots, as well as a large percentage of less-than-carload shipments moves under commodity rates. An examination of the tariffs shows that there are some seven hundred items in effect naming rates on all commodities on which there is an extensive movement.

There are two sets of class rates to California Terminals, one applying via the direct all-rail lines and the other via the rail lines to North Pacific coast ports, thence by water to destination. The latter are on a somewhat higher basis from origin Groups G and H,[1] but from the other groups they are the same as apply via the direct rail lines. Table 7 shows the class rates applying to the terminals via the different routes.

It will be noted that these rates are on a graded scale, the rates decreasing as distance decreases. This is not true, however, of the rates in effect prior to the publication of the existing scale under which the rates from the Atlantic seaboard were applied as a blanket from all origin groups with the exception of Group J

[1] *See* Map, page 6.

TABLE 7

Class Rates to California Terminals[1]

To Points Taking Terminal Rates (via all-rail routes) From Points Taking	Rates in Cents per 100 Pounds (Governed by Western Classification)									
	Classes									
	1	2	3	4	5	A	B	C	D	E
Group-A Rates.....	370	320	265	225	190	192	152	120	115	105
Group-B Rates.....	360	310	260	220	185	187	148	117	112	100
Group-C Rates.....	350	303	252	215	180	182	145	115	110	98
Group-D Rates.....	340	295	245	207	175	177	140	110	105	95
Group-E Rates.....	330	285	238	200	168	172	135	105	102	92
Group-F Rates.....	300	260	220	183	160	160	123	95	93	85
Group-G Rates.....	280	242	205	170	150	150	115	90	87	78
Group-H Rates.....	280	242	205	170	150	150	115	90	87	78
Group-J Rates.....	260	225	190	160	140	140	107	83	80	73

To Points Taking Terminal Rates (via rail to North Pacific Coast Ports, thence by water to destination) From Points Taking	Rates in Cents per 100 Pounds (Governed by Western Classification)									
	Classes									
	1	2	3	4	5	A	B	C	D	E
Group-A Rates.....	370	320	265	225	190	192	152	120	115	105
Group-B Rates.....	360	310	260	220	185	187	148	117	112	100
Group-C Rates.....	350	303	252	215	180	182	145	115	110	98
Group-D Rates.....	340	295	245	207	175	177	140	110	105	95
Group-E Rates.....	330	285	238	200	168	172	135	105	102	92
Group-F Rates.....	300	260	220	183	160	160	123	95	93	85
Group-G Rates.....	300	260	220	183	160	160	123	95	93	85
Group-H Rates.....	300	260	220	183	160	160	123	95	93	85
Group-J Rates.....	260	225	190	160	140	140	107	83	80	73

[1] Taken from Trans-Continental Tariff 1-N.

(Colorado). Formerly, no rates were published from points east of Chicago on classes lower than fourth class, and traffic moving subject to these lower classes was necessarily assessed on the basis of a combination of local rates. Through rates were published on all

classes in 1912 and the present scale, which was put into effect during that year, is apparently considered a reasonable basis to apply to the terminals.

In arriving at the present rates an arbitrary basis was used, taking into consideration the competitive conditions, the extent and nature of traffic moving under class rates (which, as has been stated, is inconsiderable), and the rates established to Reno, Nev., Phoenix, Ariz., and other interior points under orders of the Commission, as well as the rates formerly published to the Terminals.

2. Class Rates to Intermediate Territory

(a) Nevada

In Railroad Commission of Nevada v. Southern Pacific Company, *et al.*,[2] commonly known as the Reno Case, the state of Nevada asked that Nevada points be given the same rates as applied to California terminals, both class and commodity, based principally upon the fact that Nevada points were intermediate to the terminals and that traffic for the coast must pass through these points to reach its destination. At the time this complaint was filed the Panama Canal was not open to traffic, and trans-continental rates were not superinduced by water competition as is the case today. In fact, it was alleged in this complaint that the coast rates were not the product of any real water competition and, this being the case, that the violation of the Fourth Section in holding the Nevada points on a higher basis than the more distant coast terminals was not warranted. This

[2] 19 I. C. C. 238.

contention was not upheld by the Commission in disposing of the complaint. It was ordered that rates no higher than those shown in Table 8(a) be charged to Reno and points east thereof to, but not including, Winnemucca, and that rates no higher than those set forth in Table 8(b) to be established to Winnemucca and points east thereof to the Nevada-Utah state line. At that time a $3 scale of class rates was in effect to the Terminals; it will be noted that the rates established by the Commission to these Intermediate Points exceeded this scale. Since then, however, the carriers have advanced the terminal rates to the $3.70 scale shown in Table 7, and the rates to Intermediate Territory are now lower than applied to the Terminals. It might be stated in passing that class rates to Reno, Winnemucca, and other Intermediate Points were, prior to the Commission's order, based upon the rates applying to the Terminals, that is, by adding to the terminal rate the local rate applying from the Terminals back, unless a lower through rate could be made by use of the Utah Common Points combination.

The foregoing covers only the class-rate adjustment applied to Intermediate Territory between Reno and the Utah Common Points, but it should be understood that the territory intermediate to California Terminals extends from the Nevada-California-Oregon state line to the Mexican boundary and that the conditions surrounding the rates to the different sections of this area are dissimilar. For instance, the conditions making certain rates necessary to Reno and Winnemucca on the north are not found to be true as regards Las Vegas and Yuma on the south, nor to the territory immediately east of the Terminals themselves.

(b) Branch-Line Points

As has been stated before, the Pacific Coast Terminals comprise only the water-washed ports on the Pacific coast. However, prior to the date that rates were established pursuant to the Commission's Fourth Section Order 124, the California Terminals included practically all points of any importance in California south of Marysville, with the exception of branch-line stations. Rates to these branch-line points have in late years been made by adding certain arbitraries to the rate applying to the main-line junction point, in most cases the arbitrary being the local rate applying over the branch line. The basis to these points has not been changed, but the main-line stations to which terminal rates formerly applied have now been placed upon the intermediate basis with respect to both class and commodity rates. This created no difference so far as the class rates were concerned, as the intermediate class scale is nothing more or less than the scale applied to the Terminals or, expressed in the following manner, these points are given the benefit of terminal class rates and intermediate commodity rates.

The territory lying east of Los Angeles along the lines of the Southern Pacific and Santa Fe, points in northern California, and points in Utah west of the Utah Common Points are not included in the foregoing and will be treated separately in the order named.

(c) Southern California—Arizona

The present through class rates to the first-named territory are the outcome of proceedings instituted by the Maricopa County Commercial Club v. the Santa Fe,

TABLE 8

Class Rates to Intermediate Territory

(Effective as of October 15, 1915)

To	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds (Governed by Western Classification)									
		Classes									
		1	2	3	4	5	A	B	C	D	E
(a) Reno, Nev....	Group A	350	301	249	200	167	175	138	111	103	93
	Group B	320	276	229	187	157	162	128	103	96	86
	Group C	305	263	219	181	152	156	123	98	92	83
	Group D	290	251	209	175	147	150	118	94	89	80
	Group E	280	242	203	171	143	146	114	91	86	78
	Group F	250	217	183	158	133	133	104	83	79	71
	Group G	230	200	168	145	122	122	96	76	73	65
	Group H	230	200	168	145	122	122	96	76	73	65
	Group J	210	182	154	133	112	112	87	70	66	60
(b) Winnemucca, Nev.	Group A	333	286	237	190	159	166	131	105	98	88
	Group B	304	262	218	178	149	154	122	98	91	82
	Group C	290	250	208	172	144	148	117	93	87	79
	Group D	275	238	199	166	140	143	112	89	85	76
	Group E	266	230	193	162	136	139	108	86	82	74
	Group F	238	206	174	150	126	126	99	79	75	67
	Group G	219	190	160	138	116	116	91	72	69	62
	Group H	219	190	160	138	116	116	91	72	69	62
	Group J	200	172	146	126	106	106	83	67	63	57
(c) Phoenix, Ariz.	Group A	350	301	249	200	167	175	138	111	103	93
	Group B	320	276	229	187	157	162	128	103	96	86
	Group C	305	263	219	181	152	156	123	98	92	83
	Group D	290	251	209	175	147	150	118	94	89	80
	Group E	280	242	203	171	143	146	114	91	86	78
	Group F	250	217	183	158	133	133	104	83	79	71
	Group G	230	200	168	145	122	122	96	76	73	65
	Group H	230	200	168	145	122	122	96	76	73	65
	Group J	210	182	154	133	112	112	87	70	66	60

NOTE.—Rates to Reno and Winnemucca from Group H were not established by the Commission in the Reno Case, neither were rates to Phoenix from Groups A, G, H, and J established by the Commission in the Phoenix Case.

per 100 pounds on both carloads and less than carloads in excess of the terminal rates. Through class rates to these points are published on this basis from all groups of origin except Groups F, G, and J, rates from these three groups being the same as applied to the Terminals. In addition to these points there are a number of points reached only by the water lines, to which rates are made by adding to the terminal rates, arbitraries ranging from 5 cents to 25 cents per 100 pounds.

As stated before, the terminal class rates are extended inland to the points taking Interior Coast and Columbia River commodity rates, but not including the Spokane Territory. There is, between these territories, a stretch to which neither the terminal nor the Spokane rates apply, the rates being lower than to the Terminals and higher than to Spokane. To this territory, which lies between Spokane and the coast, the Spokane rates have been graded upward until the terminal rates are reached; or in other words, the rates are increased as the distance from Spokane increases, but the terminal rates are held as maxima.

The rates to Spokane, Wash., and contiguous territory, both class and commodity, have been the cause of a great deal of litigation before the Interstate Commerce Commission, the Spokane interests contending with great insistence that they were entitled to rates no higher than given to the Terminals. The present class rates to Spokane are the result of proceedings instituted by the city of Spokane against the carriers serving this territory. These rates were established under order of the Commission, and from all points east of the Missouri River they are the same as applied to Reno,

Nev., which were published in compliance with order of the Commission in the Reno Case. West of the Missouri River the rates are lower to Reno than to Spokane on account of the great difference in distance to the two points.

Prior to the publication of the existing rates, there was in effect a $3 scale of class rates to the Terminals; these rates were applied as a blanket from all points of origin except the Colorado Group (Group J). At that time the rates to Spokane were not extended east of Chicago, and the Chicago-Spokane rates were in all cases higher than from Chicago to the Terminals. The rates from New York to Spokane, being made on the Chicago combination, naturally widened still further the difference in the New York-Spokane rates as compared with the Terminals. These rates were attacked by the Spokane shipping interests, and after due deliberation the Commission ordered the following rates established from St. Paul and Chicago to Spokane:

Classes	1	2	3	4	5	A	B	C	D	E
From St. Paul	250	217	183	158	133	133	104	83	79	71
From Chicago	300	259	216	179	150	154	121	97	91	82

These rates were arrived at by deducting 16⅔ per cent from the rates then in effect from St. Paul to Seattle; or, in other words, by making the St. Paul-Spokane rates 83⅓ per cent of the rates from St. Paul to Seattle. Rates from Chicago to Spokane were made by adding the following arbitraries to the St. Paul rates:

Classes	1	2	3	4	5	A	B	C	D	E
Arbitrary	50	42	33	21	17	21	17	14	12	11

These rates were not extended east of Chicago, but through rates have since been published from all origin

groups, and today the Spokane rates are lower than applied from the same points to the Terminals. The Spokane rates are shown in Table 14 below. It will be noted that the St. Paul (Group F) rates are the same as shown in the foregoing, while the Chicago (Group D) rates have been still further reduced. Rates to the British Columbia points taking arbitraries over the terminal rates are also shown in Table 14.

TABLE 14

CLASS RATES TO SPOKANE AND BRITISH COLUMBIA POINTS[1]

To	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds (Governed by Western Classification)									
		Classes									
		1	2	3	4	5	A	B	C	D	E
Spokane rate points	Group A	350	301	249	200	167	175	138	111	103	93
	Group B	320	276	229	187	157	162	128	103	96	86
	Group C	305	263	219	181	152	156	123	98	92	83
	Group D	290	251	209	175	147	150	118	94	89	80
	Group E	280	242	203	171	143	146	114	91	86	78
	Group F	250	217	183	158	133	133	104	83	79	71
	Group G	250	217	183	158	133	133	104	83	79	71
	Group J	240	208	176	152	120	116	100	80	76	68
British Columbia points	Group A	375	325	270	230	195	197	157	125	120	110
	Group B	365	315	265	225	190	192	153	122	117	105
	Group C	355	308	257	220	185	187	150	120	115	103
	Group D	345	300	250	212	180	182	145	115	110	100
	Group E	335	290	243	205	173	177	140	110	107	97
	Group F	300	260	220	183	160	160	123	95	93	85
	Group G	300	260	220	183	160	160	123	95	93	85
	Group H	345	300	250	212	180	182	145	115	110	100
	Group J	260	225	190	160	140	140	107	83	80	73

[1] Taken from Trans-Continental Tariff 4-L.

(b) Commodity Rates

The Commission's Fourth Section Order 124 covered the Intermediate Territory of the North Pacific coast,

as well as territory intermediate to the California Terminals, and the adjustment to the northern territory is much the same as on the south. The commodities have been divided into three lists (Schedules A, B, and C), the same as to California, and the conditions surrounding the articles in the three schedules are interrelated with the North and South Pacific coasts. However, on the California end there are only two specific destination groups to which rates are published—the Terminals and Intermediates (not including the so-called "plus" points nor the Goldfield District, which includes only some half-dozen points), while on the North Pacific coast there are five groups to which rates are named, i. e., the Terminals, the Interior Coast, the Columbia River, the Spokane, and the Maximum Rate districts. In addition to these, there are the "plus" points in Oregon and British Columbia, to which rates are made by adding certain arbitraries to the terminal rates.

The Terminal Points applied in connection with the Schedule-C rates have been named in a preceding chapter and the adjustment to these points explained. In addition to these, there are a number of points given the benefit of terminal rates on the articles in the A and B schedules, while on the Schedule-C commodities they are in the Interior Coast Group, taking arbitraries of 5 cents on carloads and 10 cents on less than carloads, over the terminal rates. This list comprises some forty points in Oregon and Washington, north of Portland, Ore., principally the points reached by the boat lines operating on the Columbia River and Puget Sound. The Commission has designated the points to which terminal rates are to be applied on the Schedule-C articles as the points at which the Atlantic-Pacific steamship lines

discharge cargo, but the carriers have voluntarily extended the application of terminal rates on the A and B schedules to include these additional points at which water competition exists by reason of the local steamship service.

3. Interior Coast Group

The Interior Coast Group comprises the points north of Portland, Ore., and south of Vancouver, B. C., to which terminal rates were applied prior to the Commission's decision in the Intermountain Rate Case. Rates to these points are now made by adding 5 cents per 100 pounds on carloads, and 10 cents on less than carloads, to the terminal rates, except on the articles contained in the Schedule-A list. On these commodities the terminal rates are applied to the Interior Coast Group.

4. Columbia River Group

The Columbia River Group embraces the territory lying between the Interior Coast and Spokane groups, and rates thereto are constructed in the following manner: On Schedule-A commodities, this group takes the same rates as applied to the Terminals, and as a general rule these rates are not applied from points east of Chicago. On articles in the Schedule-B list, the rates to this group from points west of the Missouri River are the same as applied to the Terminals; from east of the Missouri River they are made certain percentages in excess of the terminal rates. From New York they are 125 per cent of the terminal rates; from Buffalo-Pittsburgh Territory, 115 per cent; and from Chicago, 107 per cent. On the Schedule-C commodities the rates

to the Columbia River Group are made by adding the same differentials to the Missouri River rates as were used in making rates to the California Intermediate Territory, viz: 15, 25, and 35 cents on carloads, and 25, 40, and 55 cents on less than carloads, from Chicago, Buffalo, and New York, respectively.

5. Spokane Territory

As previously stated, the Spokane rates have been the cause of a great deal of litigation and have been before the courts and the Interstate Commerce Commission periodically for the past twenty-five years. The present rates are the outcome of the Commission's decision in the Intermountain Rate Case. As this decision has been upheld by the Supreme Court of the United States, it appears that this long drawn-out controversy between the carriers and the commercial interests of Spokane has been definitely disposed of.

The city of Spokane is some 400 miles east of Seattle in the heart of a fertile agricultural and mineral region. On traffic from the East it is served by the Great Northern Railway, the Northern Pacific Railway, and the Union Pacific System. Around this point have been grouped some seven hundred other points to which Spokane rates are applied. The group thus created is called the Spokane Territory.

In the past, rates to Spokane have generally been made on the coast combination; that is, by adding to the rates to the Terminals the local rates from the terminals back. In disposing of one of the cases instituted by the Spokane interests, the Commission established rates on thirty-four heavy-moving commodities made

with relation to those in effect to Seattle. In this order, the St. Paul-Spokane rates were made the same as from Chicago to Seattle, and rates from Chicago were made 16⅔ per cent over those thus established from St. Paul to Spokane. These rates were not extended from points east of Chicago, but in 1910 the Commission suggested a complete line of rates, both class and commodity, from all points east of the Missouri River. This report[8] covered some 550 commodity items, and the rates were made without relation to those applied to the coast Terminals. The class rates named in this report have been continued in effect, but since the decision of the Commission in the Intermountain Rate Case the commodity rates to Spokane have been made on the basis outlined in the following:

Schedule A.—There are some 110 commodity items in the Schedule-A list, some of which cover a large number of commodities. Of these 110 items, 35 name rates from points east of Chicago and the balance are applied only from Chicago and west. The terminal rates on the articles in this list are applied to all the Intermediate Points on the North Pacific coast, and it is only on these articles that Spokane is given the benefit of the terminal rates. As in the California Schedule-A list, these rates are on a very low plane—in some cases even lower than applied to California—and have been established to enable the markets in the Middle West to compete with those on the Pacific slope.

Schedule B.—This list covers the commodities on which the competition through the Canal is not more than nominal and on which the carriers have been per-

[8] 19 I. C. C. 162.

mitted to hold the rates to Intermediate Points on higher level than applied to the Terminals. From Ne York Territory (Zone 4), the rates to Spokane are mad 25 per cent in excess of the rates to the Terminal from Buffalo-Pittsburgh Territory (Zone 3), 15 pe cent; from Chicago and the Mississippi River (Zone 2 7 per cent. From points west of the Mississippi Rive the terminal rates are held as maxima to the Interm diate Territory, except where rates are published fro Texas (Group H), they are made the same as Chicag

There are some differences in the origin groups co ering traffic to the North Pacific coast and those t California, and these differences were observed when th Commission established the rate zones named in Fourt Section Order 124. For that reason it is necessary tha the zones applying on North Pacific coast traffic b reproduced here.

6. Rates Zones Used in Constructing Rates to Nort Pacific Coast Intermediate Territory

Zone 1

Zone 1 includes all territory in the United State lying west of the following line: (a) Beginning at th intersection of the north boundary of the state of Min nesota with the northwest shore of Lake Superior thence following the northwest shore of Lake Superio to a point immediately east of Superior, Wis.; thenc following the east boundary of Trans-Continental Grou F, as described in Trans-Continental Tariff 4-K, t Asbury, Mo.; thence along the west boundary of th state of Missouri to the northeast corner of the stat of Oklahoma; thence along the north boundary of Okla

homa and the east boundary of the state of New Mexico to the southeast corner of New Mexico; thence westerly along the south boundary of New Mexico to El Paso, Texas.

Zone 2

Zone 2 includes all territory lying east of line (a) above described and west of a line called (b), which begins at the international boundary between the United States and Canada immediately west of Cockburn Island in Lake Huron; passes westerly through the Strait of Mackinac; southerly through Lake Michigan to its southern boundary; follows the west boundary of Trans-Continental Group C to Paducah, Ky.; thence follows the east side of the Illinois Central Railroad to its intersection with the south boundary of Group C; and thence follows the east boundary of Group C to the Gulf of Mexico.

Zone 3

Zone 3 includes all territory in the United States lying east of line (b) and north of the south boundary of Trans-Continental Group C and on and west of line (c), which is the Buffalo-Pittsburgh line from Buffalo, N. Y., to Wheeling, W. Va., marking the western boundary of Trunk Line Freight Association Territory; thence follows the Ohio River to Huntington, W. Va.

Zone 4

Zone 4 includes all territory in the United States east of line (c) and north of the south boundary of Trans-Continental Group C.

Zone 5

Zone 5 includes all territory in the United States south and east of Trans-Continental Group C.

It has been stated that the terminal rates are applied as maxima to Spokane from all points west of the Mississippi River Territory. While this is true, it will be found that the rates from Colorado (Group J) to Spokane are generally lower than to the Terminals. This is caused by the rates in effect prior to the publication of rates pursuant to the Commission's Fourth Section Order 124 being on a lower basis. This basis was continued when the present rates were established. Under this scheme the rates from Colorado were made 10 per cent less than the rates from Group G, this generally resulting in a lower rate than applied to the Terminals.

Schedule C.—This list comprises the commodities on which extremely low rates are named to the Terminals on account of the competition of the boat lines through the Canal and includes some two hundred items, many of which cover a number of commodities. This list will undoubtedly be augmented from time to time as the carriers find that the increasing water competition justifies a reduction in rates on an article by transferring it to the C schedule. The basis used in constructing rates to the intermountain territory on the articles in his schedule is the same as outlined in the California djustment, except where rates are published from exas (Group H) they are made the same as Chicago (Group D). Items taken from the Trans-Continental North Pacific Coast Tariff naming rates on a few representative commodities in the lists of the A, B, and C schedules, are shown in Tables 15, 16, and 17, respectively.

TABLE 15

Items Showing Representative Schedule-A Commodities[1]

Articles Minimum Weight, Carloads, 30,000 Pounds, except as otherwise provided	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To Points Taking — Rate Basis 1 (Terminal Rates) L. C. L.	Rate Basis 1 C. L.	Rate Basis 2 (Interior Coast Rates) L. C. L.	Rate Basis 2 C. L.	Rate Basis 3 (Columbia River Rates) L. C. L.	Rate Basis 3 C. L.	Rate Basis 4 (Spokane Rates) L. C. L.	Rate Basis 4 C. L.
Ammonia, sulphate of, in packages, min. C. L. wt. 60,000 pounds	Group A	...	...	...	...	...	...	...	...
	Group B	...	...	...	...	...	...	...	...
	Group C	...	...	...	...	...	...	...	...
	Group D	...	60	...	60	...	60	...	60
	Group E	...	60	...	60	...	60	...	60
	Group F	...	60	...	60	...	60	...	60
	Group G	...	60	...	60	...	60	...	60
	Group H	...	60	...	60	...	60	...	60
	Group J	...	60	...	60	...	60	...	60
Automobile bodies, freight, K. D., crated, min. C. L. wt. 20,000 pounds	Group A	...	185	...	185	...	185	...	185
	Group B	...	172	...	172	...	172	...	172
	Group C	...	166	...	166	...	166	...	166
	Group D	...	160	...	160	...	160	...	160
	Group E	...	156	...	156	...	156	...	156
	Group F	...	143	...	143	...	143	...	143
	Group G	...	143	...	143	...	143	...	143
	Group H	...	160	...	160	...	160	...	160
	Group J	...	122	...	122	...	122	...	122

[1] Taken from Trans-Continental Tariff 4-L.

TABLE 15—Concluded

ITEMS SHOWING REPRESENTATIVE SCHEDULE-A COMMODITIES[1]

Articles Minimum Weight, Carloads, 30,000 Pounds, except as otherwise provided	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To Points Taking — Rate Basis 1 (Terminal Rates) L. C. L.	Rate Basis 1 C. L.	Rate Basis 2 (Interior Coast Rates) L. C. L.	Rate Basis 2 C. L.	Rate Basis 3 (Columbia River Rates) L. C. L.	Rate Basis 3 C. L.	Rate Basis 4 (Spokane Rates) L. C. L.	Rate Basis 4 C. L.
Egg case fillers, folded flat, in packages, min. C. L. wt. 40,000 pounds	Group A	...	...	...	...	...	...	...	...
	Group B	...	...	...	...	...	...	...	...
	Group C	...	...	...	...	...	...	...	...
	Group D	...	100	...	100	...	100	...	100
	Group E	...	100	...	100	...	100	...	100
	Group F	...	100	...	100	...	100	...	100
	Group G	...	100	...	100	...	100	...	100
	Group H	...	100	...	100	...	100	...	100
	Group J	...	100	...	100	...	100	...	100
Salt, common, min. C. L. wt. 40,000 pounds. NOTE.—Rates will not apply in connection with the Southern Pacific Company. Class rates will apply.	Group A	...	...	...	...	...	...	...	...
	Group B	...	...	...	...	...	...	...	...
	Group C	...	...	...	...	...	...	...	...
	Group D	...	60	...	60	...	60	...	60
	Group E	...	60	...	60	...	60	...	59
	Group F	...	50	...	50	...	50	...	50
	Group G	...	50	...	50	...	50	...	50
	Group H	...	60	...	60	...	60	...	60
	Group J	...	50	...	50	...	50	...	45

[1] Taken from Trans-Continental Tariff 4-L.

ITEMS SHOWING REPRESENTATIVE SCHEDULE-B COMMODITIES[1]

Articles Minimum Weight, Carloads, 30,000 Pounds, except as otherwise provided	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To Points Taking — Rate Basis 1 (Terminal Rates) L. C. L.	C. L.	Rate Basis 2 (Interior Coast Rates) L. C. L.	C. L.	Rate Basis 3 (Columbia River Rates) L. C. L.	C. L.	Rate Basis 4 (Spokane Rates) L. C. L.	C. L.
	Group A	200	...	210	...	250	...	250	...
	Group B	200	...	210	...	230	...	230	...
CHINAWARE AND MAJOLICA WARE, viz.:	Group C	200	...	210	...	230	...	230	...
Chinaware (not including ornaments),	Group D	200	...	210	...	214	...	214	...
actual value exceeding $20.00 per 100	Group E	200	...	210	...	214	...	214	...
pounds, gross weight of packages, in	Group F	200	...	200	...	200	...	200	...
boxes, barrels or casks.....	Group G	200	...	200	...	200	...	200	...
	Group H	200	...	200	...	214	...	214	...
	Group J	200	...	200	...	200	...	180	...
JARS AND GLASSES, GLASS, in crates, except									
as otherwise provided, viz.:	Group A	...	75	...	80	...	94	...	94
Jars and glasses, fruit or jelly (not in-	Group B	...	75	...	80	...	86	...	86
cluding display jars), tops and top	Group C	...	75	...	80	...	86	...	86
fastenings (net invoice value of glasses	Group D	...	75	...	80	...	80	...	80
not exceeding 25 cents per dozen)	Group E	...	75	...	80	...	80	...	80
(See Note 1 below).....	Group F	...	75	...	75	...	75	...	75
NOTE 1.—Rates will apply on articles as	Group G	...	75	...	75	...	75	...	75
above, in straight or mixed carloads,	Group H	...	75	...	80	...	80	...	80
when in bulk, only as provided for under the restrictions in current Western Classification.	Group J	...	75	...	75	...	75	...	68

[1] Taken from Trans-Continental Tariff 4-L.

TABLE 16—Concluded

ITEMS SHOWING REPRESENTATIVE SCHEDULE-B COMMODITIES[1]

Articles Minimum Weight, Carloads, 30,000 Pounds, except as otherwise provided	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To Points Taking — Rate Basis 1 (Terminal Rates) L. C. L.	C. L.	Rate Basis 2 (Interior Coast Rates) L. C. L.	C. L.	Rate Basis 3 (Columbia River Rates) L. C. L.	C. L.	Rate Basis 4 (Spokane Rates) L. C. L.	C. L.
Mining Car Wheels (with or without Axles attached), min. C. L. wt. 40,000 pounds	Group A	...	100	...	105	...	125	...	125
	Group B	...	100	...	105	...	115	...	115
	Group C	...	100	...	105	...	115	...	115
	Group D	...	100	...	105	...	107	...	107
	Group E	...	100	...	105	...	107	...	107
	Group F	...	100	...	100	...	100	...	100
	Group G	...	100	...	100	...	100	...	100
	Group H	...	...	...	...	...	...	...	...
	Group J	...	100	...	100	...	100	...	90
Stamped Ware and Tinware, viz.:									
Agate, granite, and enameled ironware, N. O. S., not nested, in crates	Group A	200	...	210	...	250	...	250	...
Cake turners, not nested, in crates	Group B	200	...	210	...	230	...	230	...
Ladles, not nested, in crates	Group C	200	...	210	...	230	...	230	...
Skimmers, not nested, in crates	Group D	200	...	210	...	214	...	214	...
Tin broom locks, nested, in crates, or	Group E	200	...	210	...	214	...	214	...
not nested, in boxes	Group F	200	...	200	...	200	...	200	...
Tinned bucket ears, not nested, in	Group G	200	...	200	...	200	...	200	...
crates	Group H	...	...	...	...	...	...	...	...
Tinned iron handles, not nested, in crates	Group J	200	...	200	...	200	...	180	...
Tinners' stamped trimmings, not nested, in crates									

TABLE 17

Items Showing Representative Schedule-C Commodities[1]

Articles Minimum weight, Carloads, 30,000 lbs., except as otherwise provided	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To — Points Taking: Rate Basis 5 (Terminal Rates) L.C.L.	Rate Basis 5 (Terminal Rates) C.L.	Rate Basis 6 (Interior Coast Rates) L.C.L.	Rate Basis 6 (Interior Coast Rates) C.L.	Rate Basis 7 (Maximum Rates) L.C.L.	Rate Basis 7 (Maximum Rates) C.L.	Arbitrary Bases C.L.
Bags and bagging, burlap, gunny, hemp or jute, not colored artificially nor figured, painted, or printed with other than dealers' or manufacturers' brands, nor backed with paper or sizing, bags, burlap (cotton-lined or paper-lined); in bales, min. C. L. wt. 40,000 lbs.	Group A	...	85	...	90	...	120	
	Group B	...	85	...	90	...	110	
	Group C	...	85	...	90	...	110	
	Group D	...	85	...	90	...	100	
	Group E	...	85	...	90	...	100	
	Group F	...	85	...	85	...	85	
	Group G	...	85	...	85	...	85	
	Group H	...	85	...	90	...	100	
	Group J	...	85	...	85	...	85	
Calcium, carbide of, in tin cans, boxed, jacketed cans, or iron or steel cans or drums, min. C. L. wt. 60,000 lbs.	Group A	...	85	...	90	...	120	Class 5
	Group B	...	85	...	90	...	110	
	Group C	...	85	...	90	...	110	
	Group D	...	85	...	90	...	100	
	Group E	...	85	...	90	...	100	
	Group F	...	85	...	85	...	85	
	Group G	...	85	...	85	...	85	
	Group H	...	..	...	..	...	..	
	Group J	...	85	...	85	...	85	

[1] Taken from Trans-Continental Tariff 4-L.

TABLE 17—Continued

ITEMS SHOWING REPRESENTATIVE SCHEDULE-C COMMODITIES[1]

Articles Minimum Weight, Carloads, 30,000 Pounds, except as otherwise provided	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To — Points Taking: Rate Basis 5 (Terminal Rates) L.C.L.	Rate Basis 5 C.L.	Rate Basis 6 (Interior Coast Rates) L.C.L.	Rate Basis 6 C.L.	Rate Basis 7 (Maximum Rates) L.C.L.	Rate Basis 7 C.L.	Arbitrary Bases C.L.
Hose, canvas, cotton, fabric-covered, metal-covered, leather, rubber (not including rubber tubing), in boxes or barrels.....	Group A	150	..	160	..	227	...	
	Group B	150	..	160	..	212	...	
	Group C	150	..	160	..	212	...	
	Group D	150	..	160	..	197	...	
	Group E	150	..	160	..	197	...	
	Group F	150	..	160	..	172	...	
	Group G	150	..	160	..	172	...	
	Group H	...	..	...	..	...	...	
	Group J	150	..	160	..	172	...	
Iron and Steel, articles of, viz.: Chain, N. O. S., including Link Belting, min. C. L. wt. 50,000 lbs.....	Group A	...	75	...	80	...	110	Class 5
	Group B	...	75	...	80	...	100	
	Group C	...	75	...	80	...	100	
	Group D	...	75	...	80	...	90	
	Group E	...	75	...	80	...	90	
	Group F	...	75	...	75	...	75	
	Group G	...	75	...	75	...	75	
	Group H	...	..	...	..	...	..	
	Group J	..	75		75	..	75	

[1] Taken from Trans-Continental Tariff 4-I.

TABLE 17—Concluded

Items Showing Representative Schedule-C Commodities[1]

Articles Minimum Weight, Carloads, 30,000 Pounds, except as otherwise provided	From Points Taking Rates Applicable To	Rates in Cents per 100 Pounds — To — Points Taking Rate Basis 5 (Terminal Rates) L.C.L.	C.L.	Rate Basis 6 (Interior Coast Rates) L.C.L.	C.L.	Rate Basis 7 (Maximum Rates) L.C.L.	C.L.	Arbitrary Bases C.L.
Pipe, cast-iron and cast-iron connections for same, min. C. L. wt. 40,000 lbs..... NOTE.—Does not include Cast-iron Connections for Wrought-iron Pipe.	Group A	...	65	...	70	...	110	Class 5
	Group B	...	65	...	70	...	100	
	Group C	...	65	...	70	...	100	
	Group D	...	65	...	70	...	90	
	Group E	...	65	...	70	...	90	
	Group F	...	65	...	70	...	75	
	Group G	...	65	...	70	...	75	
	Group H	...	..	...	..	...	..	
	Group J	...	55	...	60	...	75	

[1] Taken from Trans-Continental Tariff 4-L.

7. Maximum Rate Territory

In the Schedule-A and Schedule-B items (Tables 15 and 16), it will be noted that rates are named to four destination groups, namely: the Terminals, Interior Coast, Columbia River, and Spokane, while the Schedule-C items (Table 17) apply to only three groups, i. e., the Terminals, Interior Coast, and Maximum Rates. The Maximum Rate territory is a consolidation of the Columbia River and Spokane groups and is explained by the rates in the A and B lists to Spokane being different from those to the Columbia River Group, necessitating two groups under these schedules. The rates on the Schedule-C articles are the same to the Columbia River and Spokane groups. In publishing the rates on these articles, points in the two groups have been consolidated into one group which is termed the "Maximum Rate Group." This naturally brings up the question as to what method was used in showing the points of destination in the tariff that would prevent any misconception as to its proper application in connection with the rates contained in the different schedules. The Schedule-C rates are contained in a section of the tariff separate from the A and B schedules and are alternated with the class rates as well as with the commodity rates in the other sections. The destination groups in the Schedule-C section are given rate bases numbers which do not conflict with the numbers assigned to the section containing the A and B schedules. In showing the rate application in connection with each point of destination the rate basis applying in connection with the different sections is designated. As an illustration, Pendleton, Ore., takes Spokane rates on

the Schedule-A and Schedule-B commodities, and on the Schedule-C articles it is in the Maximum Rate Territory. The Spokane Territory, as will be noted in Tables 15 and 16, is shown as Rate Basis 4; the Maximum-Rate Territory is shown in Table 17 (Schedule-C rates), as Rate Basis 7. Therefore, in the list of destinations it is necessary to show Pendleton as taking Rate Basis 4 for account of the Schedule-A and Schedule-B rates and Rate Basis 7 for account of the Schedule-C rates.

8. North Pacific Back-Haul Territory

As its name implies, the back-haul territory of the North Pacific coast covers the points to which the combination on a coast Terminal, made by using the rate to the Terminal plus the local rate back to destination, will make a lower charge than the "going" rate to the back-haul point. This territory covers an area extending some 500 miles inland from the coast, and under the alternative application provided in the trans-continental tariffs the back-haul combination, when lower, may be used in preference to the through published rate. On the articles covered by the A and B schedules the full local rates applying from the Terminals to the back-haul points are used, but on the Schedule-C commodities shippers are given the benefit of applying 75 per cent of the local rates from the Terminals. This naturally increases the distance to which the back-haul combination is available on the Schedule-C articles as against the A and B schedules. In Table 18 a comparison of the back-haul rates applied in connection with the articles in Schedules A, B, and C is given.

TABLE 18

Back-Haul Rates

From North Pacific Coast Terminals To		Rates in Cents per 100 Pounds[1]																			
		Used in Connection with Schedule-C Rates										Used in Connection with Schedule-A and Schedule-B Rates									
		Classes										Classes									
		1	2	3	4	5	A	B	C	D	E	1	2	3	4	5	A	B	C	D	E
Great Northern Ry.																					
Monroe	Wash.	12	11	8	8	6	6	5	4	3	2	16	14	11	10	8	8	6	5	4	3
Sultan	"	17	14	11	10	8	8	7	5	5	3	22	19	15	13	11	11	9	7	6	4
Startup	"	18	15	13	11	9	9	8	5	5	4	24	20	17	14	12	12	10	7	6	5
Gold Bar	"	18	15	13	11	9	9	8	5	5	4	24	20	17	14	12	12	10	7	6	5
Reiter	"	20	17	14	12	10	10	8	6	5	4	26	22	18	16	13	13	10	8	7	5
Index	"	21	18	15	13	11	11	8	6	5	5	28	24	20	17	14	14	11	8	7	6
Halford	"	23	20	16	14	11	11	9	7	6	5	30	26	21	18	15	15	12	9	8	6
Grotto	"	24	20	17	14	12	12	10	8	6	5	32	27	22	19	16	16	13	10	8	6
Skykomish	"	25	21	17	14	13	13	10	8	6	5	33	28	23	19	17	17	13	10	8	7
Tonga	"	26	23	19	16	14	14	11	8	7	5	35	30	25	21	18	18	14	11	9	7
Alpine	"	26	23	19	16	14	14	11	8	7	5	35	30	25	21	18	18	14	11	9	7
Scenic	"	28	23	20	17	14	14	11	8	7	5	37	31	26	22	19	19	15	11	9	7
Corea	"	29	25	20	17	15	15	12	9	8	6	39	33	27	23	20	20	16	12	10	8
Embro	"	29	25	20	17	15	15	12	9	8	6	39	33	27	23	20	20	16	12	10	8
Tye	"	30	26	21	18	15	15	12	9	8	6	40	34	28	24	20	20	16	12	10	8
Cascade Tunnel	"	32	27	22	19	16	16	13	10	8	6	42	36	29	25	21	21	17	13	11	8
Berne	"	33	28	23	20	17	17	14	10	8	7	44	37	31	26	22	22	18	13	11	9

[1] Governed by Western Classification.

TABLE 18—Concluded

Back-Haul Rates

From North Pacific Coast Terminals To		Rates in Cents per 100 Pounds[1]																			
		Used in Connection with Schedule-C Rates										Used in Connection with Schedule-A and Schedule-B Rates									
		Classes										Classes									
		1	2	3	4	5	A	B	C	D	E	1	2	3	4	5	A	B	C	D	E
Great Northern Ry.—Con.																					
Gaynor	Wash.	33	28	23	20	17	17	14	10	8	7	44	37	31	26	22	22	18	13	11	9
Merritt	"	35	29	24	21	17	17	14	11	9	7	46	39	32	28	23	23	18	14	12	9
Nason Creek	"	36	31	26	22	18	18	14	11	9	8	48	41	34	29	24	24	19	14	12	10
Chiwaukum	"	38	32	26	23	19	19	15	11	10	8	50	43	35	30	25	25	20	15	13	10
Drury	"	39	33	27	23	20	20	16	11	10	8	51½	44	36	31	26	26	21	15	13	10
Leavenworth	"	40	34	28	24	20	20	16	12	10	8	53	45	37	32	27	27	21	16	13	11
Peshastin	"	41	35	29	25	20	20	17	12	11	8	54½	46	38	33	27	27	22	16	14	11
Dryden	"	42	36	29	26	21	21	17	13	11	8	56	48	39	34	28	28	22	17	14	11
Cashmere	"	43	36	30	26	22	22	17	13	11	8	57	48	40	34	29	29	23	17	14	11
Monitor	"	43	36	30	26	22	22	17	13	11	8	57	48	40	34	29	29	23	17	14	11
Wenatchee	"	44	38	31	26	23	23	18	14	11	9	59	50	41	35	30	30	24	18	15	12

[1] Governed by Western Classification.

CHAPTER X

MONTANA TERRITORY

1. Class Rates

The Montana Territory is in competition with the Spokane Territory and the Utah Common Points, and rates to the three territories are closely related. It has been shown that class rates to the Utah Common Points are based on those in effect to the Montana Territory; class rates from Chicago to Butte and Salt Lake City are the same, with some minor exceptions. From the Mississippi River Territory, the rates to Montana are the same as from Chicago; but to Utah the rates from the Mississippi River are lower than from Chicago. From west of the Mississippi River, the rates to Utah are also lower than to the Montana Common Points, and to both these territories the class rates are lower than applied to the Spokane Territory. The reference to the Montana Common Points is meant to cover only Anaconda, Butte, and Helena, the three representative points of destination which are used as a base in making rates into this territory.

The present Montana class rates were put into effect in 1912, at the time the rates to the North Pacific Coast Terminals were readjusted. As will be noted by referring to Table 19, these rates are not applied from points east of Chicago. From eastern points rates are made on the Chicago, Mississippi River, or St. Paul combination, subject to the observance of Spokane rates as maxima.

TABLE 19

Class Rates to Montana Common Points[1]

Between Points Shown Below and Stations Taking Same Rates	And Points Shown Below and Stations Taking Same Rates	Rates in Cents per 100 Pounds (Governed by Western Classification)									
		Classes									
		1	2	3	4	5	A	B	C	D	E
Anaconda, Mont. Butte, Mont. Helena, Mont.	Chicago	265	226	185	149	123	128	102	86	76	66
	St. Louis	265	226	185	149	123	128	102	86	76	66
	Note A (below)	265	222	182	149	123	127	102	85	75	65
	St. Paul	210	181	150	126	105	105	84	70	63	55
	Sioux City	210	181	150	126	105	105	84	70	63	55
	Omaha	210	181	150	126	105	105	84	70	63	55
	St. Joseph	210	181	150	126	105	105	84	70	63	55
	Kansas City	210	181	150	126	105	105	84	70	63	55
	Sioux Falls	210	181	150	126	105	105	84	70	63	55
	Mitchell	210	181	150	126	105	105	84	70	63	55
	Fargo	210	181	150	126	105	105	84	70	63	55
	Aberdeen	210	181	150	126	105	105	84	70	63	55
	Denver	170	145	120	102	85	85	67	56	50	44
Harlowton, Mont.	Chicago	250	209	169	136	112	116	93	78	68	59
	St. Louis	250	209	169	136	112	116	93	78	68	59
	St. Paul	190	164	134	111	92	92	74	61	55	48
	Sioux City	190	164	134	111	92	92	74	61	55	48
	Omaha	190	164	134	111	92	92	74	61	55	48
	St. Joseph	200	174	144	121	97	97	79	66	60	52
	Kansas City	210	181	150	126	101	102	83	69	60	52
	Sioux Falls	190	164	134	111	92	92	74	61	55	48
	Mitchell	190	164	134	111	92	92	74	61	55	48
	Fargo	190	164	134	111	92	92	74	61	55	48
	Aberdeen	190	164	134	111	92	92	74	61	55	48
Lewistown, Mont.	Chicago	260	222	182	143	118	123	99	81	73	64
	St. Louis	263	224½	184	144	119	124	100	82	74	64½
	St. Paul	200	172	142	118	98	98	79	64	59	51
	Sioux City	200	172	142	118	98	98	79	64	59	51
	Omaha	210	181	150	126	105	105	84	70	63	55
	St. Joseph	210	181	150	126	105	105	84	70	63	55
	Kansas City	210	181	150	126	105	105	84	70	63	55
	Sioux Falls	200	172	142	118	98	98	79	64	59	51
	Mitchell	200	172	142	118	98	98	79	64	59	51
	Fargo	200	172	142	118	98	98	79	64	59	51
	Aberdeen	200	172	142	118	98	98	79	64	59	51

Note A.—Rates named apply only from Alton, East Alton, East Burlington, East Clinton, East Dubuque, East Fort Madison, East Hannibal, East Keokuk, East Louisiana, East St. Louis, Quincy, Rock Island and Savanna, Ill., as proportional rates on traffic originating at points "east of the Indiana-Illinois state line."

[1] Taken from Trans-Continental Tariff 14-C.

TABLE 19—Concluded

CLASS RATES TO MONTANA COMMON POINTS

Between Points Shown Below and Stations Taking Same Rates	And Points Shown Below and Stations Taking Same Rates	Rates in Cents per 100 Pounds (Governed by Western Classification)									
		Classes									
		1	2	3	4	5	A	B	C	D	E
Great Falls, Mont.	Chicago	260	222	182	143	118	123	99	81	73	64
	St. Louis	263	224½	184	144	119	124	100	82	74	64½
	St. Paul	200	172	142	118	98	98	79	64	59	51
	Sioux City	200	172	142	118	98	98	79	64	59	51
	Omaha	210	181	150	126	105	105	84	70	63	55
	St. Joseph	210	181	150	126	105	105	84	70	63	55
	Kansas City	210	181	150	126	105	105	84	70	63	55
	Sioux Falls	200	172	142	118	98	98	79	64	59	51
	Mitchell	200	172	142	118	98	98	79	64	59	51
	Fargo	200	172	142	118	98	98	79	64	59	51
	Aberdeen	200	172	142	118	98	98	79	64	59	51
Missoula, Mont.	Chicago	275	235	193	157	130	135	107	88	80	70
	St. Louis	275	235	193	157	130	135	107	88	80	70
	St. Paul	220	190	158	134	112	112	89	72	67	59
	Sioux City	220	190	158	134	112	112	89	72	67	59
	Omaha	227	196	164	139	116	116	92	74	69	62
	St. Joseph	227	196	164	139	116	116	92	74	69	62
	Kansas City	227	196	164	139	116	116	92	74	69	62
	Sioux Falls	220	190	158	134	112	112	89	72	67	59
	Mitchell	220	190	158	134	112	112	89	72	67	59
	Fargo	220	190	158	134	112	112	89	72	67	59
	Aberdeen	220	190	158	134	112	112	89	72	67	59

[1] Taken from Trans-Continental Tariff 14-C.

2. COMMODITY RATES

Water competition does not enter into the rates to the Montana Territory as it does to Spokane, Reno, and other intermountain points situated adjacent to the Pacific coast, and the rate structure to this territory is entirely different from that applied to the Intermediate Points covered by the Commission's Fourth Section Order 124. There is a complete line of commodity

rates published to the Montana Territory naming rates on all articles on which there is an extensive movement, but these commodities have not been divided into three lists such as the Schedules A, B, and C, applying to the North Coast Intermediate Territory.

A different method of publication is employed in connection with the Montana rates and the rates to this territory are not applied as a blanket from all eastern groups of origin. In fact, there are no through rates published from points east of Chicago, except so far as the Spokane rates are authorized to be applied as maxima. The origin groups on Montana traffic are restricted to comparatively small areas, and the same is true with respect to points of destination. Therefore, the system used in publishing these rates is more of a "point-to-point" system than is employed in connection with rates to the Pacific Coast and Intermediate territories.

There are six origin groups applied in connection with the commodity rates to Montana Territory, namely: Chicago, St. Louis, St. Paul, Omaha, Kansas City, and Denver, and rates from all other points of origin base on these points, either by application of the base-point rate or by the addition of certain arbitraries thereto. There are twelve basing points on the destination end, i. e., Billings, Harlowton, Great Falls, Lewistown, Livingston, Butte, Helena, Missoula, Kalispell, Haugan, Heron, and Troy, and rates to all other points are made with relation to those applied to these basing points. This system of rate publication is not unlike that in vogue in the Central Freight Association and other territories under which the representative points of origin and destination are selected as basing points, and rates from

and to other points are made with relation to those named at such basing points.

The method of showing application of rates on Montana traffic in connection with a few representative points of origin and destination is shown in Tables 20 and 21, respectively.

There is no scientific rate structure applied to the Montana Territory as a whole such as is used in constructing rates to the Intermediate Territory covered by the Commission's Fourth Section Order 124. Moreover, it is impossible to analyze this adjustment without giving a history of the rates applied on each commodity. In general, the Montana rate structure is built on the rates in effect from St. Paul to Spokane, and rates from the other origin groups are made with relation to those named from St. Paul. On some commodities, rates from St. Paul to Butte are made by deducting 10 per cent from the St. Paul-Spokane rate, and the Butte rates are used as a base in making rates to the other destination groups. Chicago to Butte rates are made 20 per cent over St. Paul, and the Chicago rates are applied from the Mississippi River Group. Rates from the Missouri River Groups are the same as from St. Paul, and Denver is made 20 per cent less than from Kansas City. A number of items taken from Trans-Continental Tariff 14-C providing for rates made in this manner are shown in Table 22.

In some cases rates to the Montana Territory are found to be made on a combination basis; in others the the flat Spokane rates are applied. The rates applying to the Utah Common Points are also taken into consideration in constructing rates to Montana.

TABLE 20

Method of Showing Originating Points in Connection with Rates to Montana Points[1]

Station	Location	Rate Basis (See Below)
Homewood, Ill.	I. C.	1
Honey Bend, Ill.	Wabash	1
Honey Creek, Iowa	C. & N.-W.	4
Honey Creek, Ill.	C. B. & Q.	1
Honey Creek, Wis.	M. St. P. & S. S. M.	1
Hoopeston, Ill.	C. & E. I.	1
	L. E. & W.	1
Hope, Colo.	D. L. & N. W.	6
Hopedale, Ill.	C. & A.	1
Hopkins Park, Ill.	C. & E. I.	1
Horicon Jct., Wis.	C. M. & St. P.	1
Hornsby, Ill.	C. C. C. & St. L.	1
Horse Shoe Lake, Ill.	T. St. L. & W.	2
Hortonville, Wis.	C. & N.-W.	1
Hoskins, Neb.	C. St. P. M. & O.	4
Houston, Neb.	C. & N.-W.	4
Howe, Ill.	C. M. & St. P.	1
	N. Y. C.	1
Hubbard, Neb.	C. St. P. M. & O.	4
Hubbard Woods, Ill.	C. & N.-W.	1
Hubbellton, Wis.	C. M. & St. P.	1
Hudson, Colo.	C. B. & Q.	6
Hudson, Ill.	I. C.	1
Hudson, Wis.	C. St. P. M. & O.	4
Huerfano, Colo.	D. & R. G.	6
Hulls, Ill.	C. B. & Q.	2
	Wabash	2
Humboldt, Ill.	I. C.	1
Hume, Ill.	C. H. & D.	1
Humrick, Ill.	C. T. H. & S. E.	1
	T. St. L. & W.	1

Rate Basis
(To which reference is made above)

Rate Basis No.	Rates to Apply	
	Class	Commodity
1	Chicago	Chicago.
2	St. Louis	St. Louis.
3	St. Paul	St. Paul.
4	Omaha	Omaha.
5	Kansas City	Kansas City.
6	Denver	Denver.

[1] Taken from Trans-Continental Tariff 14-C.

TABLE 21

Method of Showing Points of Destination in Connection with Rates to Montana[1]

Stations		Location	Rates Applicable		
			Class		Commodity
			Base Point	Index No.	Base Point
Acton	Mont.	G. N.	Billings	67	Billings
Alberton	"	C. M. & St. P.	Alberton	37	Haugan
Albright	"	G. N.	Great Falls	66	Great Falls
Alcazar	"	C. M. & St. P.	Butte	1	Butte
Alder	"	N. P.	Butte	1	Butte
Alger	"	N. P.	Heron	109	Heron
Alhambra	"	G. N.	Butte	1	Butte
Allard	"	N. P.	Glendive Allard	82 115	Billings
Allen	"	N. P.	Terry	84	Billings
Amador	"	N. P.	St. Regis	108	Heron
Amazon	"	G. N.	Butte	1	Butte
Amens	"	N. P.	Heron	109	Heron
Amherst	"	C. M. & St. P.	Great Falls	32	Great Falls
Amsterdam	"	N. P.	Anceny	97	Butte
Anaconda	"	B. A. & P.	Butte	1	Butte
Anceny	"	N. P.	Anceny	97	Butte
Antwerp	"	C. M. & St. P.	Melstone	26	Harlowton
Apex	"	O. S. L.	Butte	1	Butte
Arklow	"	G. N.	Kalispell	69	Kalispell
Arlee	"	N. P.	Lothrop	107	Heron
Armington	"	G. N.	Great Falls	66	Great Falls
Arnold	"	N. P.	Anceny	97	Butte
Arrow Creek	"	C. M. & St. P.	Great Falls	32	Great Falls
Ashmore	"	C. M. & St. P.	St. Regis	38	Haugan
Athens	"	G. N.	Radnor	70	Troy
Atkins	"	G. V.	Butte	1	Butte
Austin	"	N. P.	Butte	1	Butte
Avon	"	N. P.	Butte	1	Butte
Baker	"	C. M. & St. P.	Baker	21	Harlowton
Balmont	"	G. V.	Butte	1	Butte
Barber	"	C. M. & St. P.	Harlowton	27	Harlowton
Barron	"	C. M. & St. P.	Butte	1	Butte
Barrows	"	G. N.	Great Falls	66	Great Falls
Bascom	"	C. M. & St. P.	Melstone	26	Harlowton
Basin	"	G. N.	Butte	1	Butte

[1] Taken from Trans-Continental Tariff 14-C.

TABLE 22

Items Showing Commodity Rates to Montana Territory[1]

Articles In Carloads Minimum Weight, 30,000 Pounds except as otherwise provided	From Points Shown Below and Points Taking Same Rates	Rates in Cents per 100 Pounds — To Points Shown Below and Points Taking Same Rates					
		Billings Harlowton	Great Falls Lewistown	Livingston	Butte Helena	Missoula Kalispell	Haugan Heron Troy
Canned Goods, viz.:							
Meats, with or without vegetable ingredients, including potted or deviled meats, and pork and beans; soups; in metal cans boxed, or in glass or earthenware packed in boxes, min. wt. 40,000 pounds	Chicago	90	93	93	96	99	103
	St. Louis	90	93	93	96	97	99
	St. Paul	72	76	76	80	84	88
	Omaha	72	76	80	80	84	88
	Kansas City	76	80	80	80	88	88
	Denver	..	64	64	64	79	79
Milk, condensed, liquid or dry, in metal cans boxed; or in glass or earthenware, packed in boxes; or in bulk in barrels, min. wt. 40,000 pounds	Chicago	90	93	93	96	100	103
	St. Louis	90	93	93	96	97	99
	St. Paul	72	76	76	80	84	88
	Omaha	72	76	80	80	84	88
	Kansas City	76	80	80	80	88	88
	Denver	..	64	64	64	79	79
Coffee, Green, in sacks	Chicago	85	88	88	90	93	97
	St. Louis	85	88	88	90	92	94
	St. Paul	68	72	72	75	79	83
	Omaha	68	72	75	75	79	83
	Kansas City	72	75	75	75	83	83
	Denver	..	60	60	60	75	75

[1] Taken from Trans-Continental Tariff 14-C.

There are numerous less-than-carload commodity rate published to the Pacific coast and Intermediate Terri tory made necessary on account of water competition but the commodity rates to Montana are applied onl in carload quantities. There is, however, a provision i the tariffs authorizing the application of Spokane rate as maxima to Montana points, and under this applica tion the Spokane less-than-carload rates can be applie to Montana. Under this application the Spokane rate can also be used from points east of Chicago from which there are no through rates published to Montana.

SECTION FOUR

CHAPTER XI

RATES FROM SOUTHEASTERN AND CAROLINA TERRITORIES

The so-called Southeastern and Carolina rate territories are included within the boundaries of Zone 5 as outlined in the Commission's Fourth Section Order 124. This, however, was done as a matter of record only, and no suggestions were made leading towards a readjustment of rates at present applied from these territories to the Pacific coast. It will be shown later that these rates are based on the rates applying from points north of the Ohio River. Since these latter rates were prescribed by the Commission, it is expected that the Southeastern rates will in time be realigned to correspond with the changes recently made in the territorial rates. By the Southeastern rates referred to herein is meant the rates from Southeastern and Carolina territories to the Pacific Coast Terminals; by the territorial rates, those discussed in Sections 2 and 3 applying from eastern defined territory to the same points.

The volume of traffic from the South forms a comparatively small proportion of the total tonnage to the Pacific coast. It might be said that the bulk of the trans-continental tonnage from this territory consists of a few commodities, such as iron and steel from Birming-

ham, furniture and cotton and knitting factory products from the Carolinas, and marble from Georgia and Tennessee. Traffic and market conditions in the South have not reached the stage of development found in the northern and eastern states, and the radius of the jobbing activities of this section is more or less limited. For this reason the number of commodities on which through rates are published to the Pacific coast is comparatively small, there being only some two hundred items in effect from the South as against some seven hundred items from the northern and eastern states. There are no through class rates published from the South to the Pacific coast, and in reality there are less than one hundred items naming rates on different commodities when it is considered that more than 50 per cent of the items referred to name different rates on articles which can be classified generally as furniture, cotton factory products, or agricultural implements, etc.

Through rates from this territory are applied only to the Pacific Coast Terminals, and there is no provision made for the Pacific Coast Intermediate Territory such as found in connection with the territorial rates. Rates to these Intermediate Points are made on the basis of the lowest available combination. There is, however, a provision made for the "plus" points on the North Pacific coast, described in Section 3 as Interior Coast Territory, and also for the British Columbia points which are assessed certain arbitraries over the terminal rates. The arbitraries applied to these points are the same as used in connection with the territorial rates.

It has been shown that water competition is the prime factor in making the territorial rates and by reason of this competition the intermountain territory

is held on a higher basis than the Terminals. Water competition also exists to some degree in connection with the Southeastern rates, but is necessarily confined to the few commodities manufactured in this section peculiarly adapted to water transportation and on which the movement is sufficiently voluminous to make the traffic attractive to the boat lines. It cannot be said, however, that this competition fixes the rates that are applied via the all-rail routes as it does from New York, Boston, and other points on the Atlantic seaboard.

1. Basing-Point Rates

The carriers in the southern states have a rate structure peculiar to that section under which certain competitive points are named as "common" or "basing" points. Rates from and to all local territory are based on the rates applying at the common or basing point; that is, by adding to the base-point rate the locals from or to the local stations. This often results in higher rates from or to the local stations than are applied at some more distant basing point, and on account of this system of rate construction the carriers in this territory were involved in violations of the Fourth Section to a greater extent than carriers in other sections of the country. This system is indirectly extended to the rates applying from the Southeast to the Pacific coast as the through published rates are generally made on the Mississippi River combination, using as one of the factors the local rates of the southeastern lines from point of origin to the Mississippi River. Through rates are not published from this territory as a whole; that is, the origin territory has not been divided into several groups

such as employed in connection with the territorial rates, but instead, only the more important producing points are named, and such traffic as originates at other points moves under a combination of local rates. Since this basing-point system of rate-making is thoroughly covered in the treatise devoted to freight rates in Southern Territory, it is unnecessary to elaborate on it here.

As stated in the foregoing, the rates from the Southeast to Pacific Coast Terminals are generally based on the Mississippi River combination. This is not true in all cases, however, as on some commodities the rates are made the same as those applying from points north of the Ohio River. For example, iron and steel articles from the Birmingham district are the same as applied from Chicago, and rates on furniture from the Carolinas are the same as from the Virginia Cities or Trans-Continental Group A. In all cases the territorial rates are observed as minima in fixing the Southeastern rates. In this connection it should be understood that the present Southeastern rates are based on the territorial rates in effect prior to the establishment of rates made on the adjustment fixed by the Commission in its Fourth Section Order 124, and no revision has been made in these Southeastern rates to correspond with the changes recently made in the rates applying from points north of the Ohio River.

CHAPTER XII

EASTBOUND TRANS-CONTINENTAL RATES

The eastbound rates of the trans-continental lines will not be dealt with in detail for the reason that these rates are under investigation by the Interstate Commerce Commission, and it is expected that an early decision will be handed down fixing the eastbound rates on an adjustment not unlike that employed in connection with the westbound. As the westbound trans-continental rate adjustment, as fixed by the Commission in its Fourth Section Order 124, disregarded, to a great extent, the previous principles of rate-making in this territory, it is not unreasonable to assume that the expected decision covering eastbound traffic will also be more or less comprehensive in its scope and inaugurate an entirely new rate structure to be applied in the future for eastbound trans-continental rates.

In general, the points *to* which eastbound rates are applied are the originating points on westbound traffic; that is, the nine origin groups outlined in Section One and in the map appearing on page 6 can, with some minor modifications, be used as descriptive of the destination points in the reverse direction. The same is true with respect to points on the Pacific coast *from* which eastbound rates are published, as these points have been separated as Terminals and Intermediates in much the same manner as was done in connection with the destination points on westbound traffic.

What has been said in Section One with respect water competition can be applied to both eastbound a westbound trans-continental traffic. In Table 4 it will noted that the movement eastbound through the Ca for the first few months of its operation was appro mately 50 per cent of the total tonnage between Atlantic and Pacific coasts of the United States. T articles with which the Pacific coast supplies the E are comparatively small in number, and the boat li as well as the rail carriers must therefore draw th tonnage from a limited number of commodities. It l been stated by the Seattle Chamber of Commerce tl three-fourths of the canned salmon produced in 19 one of the most important items of production on North Pacific coast, was despatched to Atlantic po through the Canal and these figures can undoubte be applied as well to other articles produced in t territory which are adapted to transportation by wat

To furnish return loading for equipment used transporting westbound traffic, the trans-continen lines must make rates that will enable the coast p ducers to compete with those in the East. The princi items of production on the Pacific coast are can goods, fish, fruits, vegetables, hides and leather, liquo forest products, minerals, and wool. These by no me represent the total, but they are sufficient to show tl the western lines do not have the great variety of a cles from which to draw eastbound traffic as do eastern lines in the opposite direction.

Eastbound class rates *from* the Pacific Coast Ter nals are the same as published *to* the Terminals fr eastern points, and these rates are graded downw from the Intermediate Points about the same ext

TABLE 23

EASTBOUND CLASS RATES FROM INTERMOUNTAIN POINTS[1]

From Points Designated Below	To Points Taking Rates Applicable To	Rates in Cents per 100 Pounds									
		Classes									
		1	2	3	4	5	A	B	C	D	E
Reno .....Nev.	Group A..	354	305	252	206	172	178	142	113	105	95
	Group B..	328	283	235	194	163	167	132	106	99	89
	Group C..	314	271	226	188	158	161	127	101	96	86
	Group D..	300	260	216	181	153	155	122	97	92	83
	Group E..	290	251	210	177	148	151	118	94	89	81
	Group F..	260	226	190	164	139	139	108	85	82	74
	Group G..	240	209	175	150	128	128	100	79	76	68
	Group H..	240	209	175	150	128	128	100	79	76	68
	Group J..	220	191	161	138	118	118	91	73	69	63
Winnemucca..Nev.	Group A..	354	305	252	206	172	178	142	113	105	95
	Group B..	328	283	235	194	163	167	132	106	99	89
	Group C..	314	271	226	188	158	161	127	101	96	86
	Group D..	300	260	216	181	153	155	122	97	92	83
	Group E..	290	251	210	177	148	151	118	94	89	81
	Group F..	260	226	190	164	139	139	108	85	82	74
	Group G..	240	209	175	150	128	128	100	79	76	68
	Group H..	240	209	175	150	128	128	100	79	76	68
	Group J..	220	191	161	138	118	118	91	73	69	63
Phoenix ....Ariz.	Group A..	350	301	249	200	167	175	138	111	103	93
	Group B..	320	276	229	187	157	162	128	103	96	86
	Group C..	305	263	219	181	152	156	123	98	92	83
	Group D..	290	251	209	175	147	150	118	94	89	80
	Group E..	280	242	203	171	143	146	114	91	86	78
	Group F..	250	217	183	158	133	133	104	83	79	71
	Group G..	230	200	168	145	122	122	96	76	73	65
	Group H..	230	200	168	145	122	122	96	76	73	65
	Group J..	210	182	154	133	112	112	87	70	66	60
Spokane ...Wash.	Group A..	350	301	249	200	167	175	138	111	103	93
	Group B..	320	276	229	187	157	162	128	103	96	86
	Group C..	305	263	219	181	152	156	123	98	92	83
	Group D..	290	251	209	175	147	150	118	94	89	80
	Group E..	280	242	203	171	143	146	113	91	86	78
	Group F..	250	217	183	158	133	133	104	83	79	71
	Group G..	250	217	183	158	133	133	104	83	79	71
	Group J..	240	208	176	152	120	116	100	80	76	68

[1] Taken from Trans-Continental Tariffs 2-K and 3-K.

that the westbound rates are increased. In other words, the rates named at the Intermediate Points are substantially the same in both directions. In Tables 8 and 14 are shown the westbound rates to Reno, Winnemucca,

Phoenix, and Spokane. In order that a c
be had, the eastbound rates to the sa
reproduced in Table 23.

1. Commodity Rates

There is no fixed basis for construct
commodity rates such as employed in
adjustment, and the eastbound rate structu
be analyzed as a whole. The California rat
with relation to those named at the Nort
points, and vice versa, and rates fr
tories are largely created by the rates ope
the Panama Canal. The terminal rates
maxima from Intermediate Territory, ex
tion with some 50 or 60 items on which t
has allowed the carriers certain relief f
sions of the Fourth Section; on these i
applied from the Terminals only. On t
end, rates are applied as a blanket to all
in the same manner that the blanket
applied to cover points of origin on westb
By this arrangement the Pacific coas
enabled to reach all eastern markets u

2. Conclusion

At the time this treatise was written
Canal had been in operation but a very
its service had not been regular on accoun
therefore, the rail carriers had not suffer
nage on account of the water competitio
that they might have had the service of

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uninterrupted. However, the carriers and the Commission have anticipated the effect of the increased water competition in fixing the present rail rates, and a careful study of the adjustment as analyzed herein will afford the reader a clear understanding of the situation as it stood when this article was prepared. It remains to be seen whether the present adjustment will meet the needs of the carriers and the shipping public when the Canal is permanently opened and more boats enter the field for the trade between the Atlantic and Pacific coasts of the United States.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers are not to be sent to the University.

1. For rate-making purposes, under how many groups is the eastern section of the United States divided?

2. What group embraces the Colorado Common Points?

3. What group rates are applied from the New York pier of the Southern Pacific Company-Atlantic Steamship Line?

4. What group rates are applied from Detroit, Mich., and from Houghton, Mich.?

5. To what association is authority to publish trans-continental rates delegated?

6. To what extent do the Central Freight Association and the Trunk Line Association operate in conjunction with the Trans-Continental Freight Association?

7. Are separate exception sheets to be referred to in conjunction with the trans-continental tariffs?

8. What method is followed in the issuance of supplements with respect to indicating the contents of effective supplements?

9. What are the alternative routes between the eastern and western seaboards of the United States?

10. Upon what basis are the lake-and-rail rates adjusted with respect to the all-rail rates?

11. What considerations are to be taken into account in the selection of all-water routes for the transportation of goods v. the all-rail routes?

12. Discuss in general the character of the all-water service afforded via the American-Hawaiian Steamship Company.

13. What may be said with respect to the volume of the Panama Canal traffic?

14. Illustrate an instance where it would not be profitable to ship all rail and where a saving could be effected on a basis of a combination of rail-and-water rates through New York from points in the Middle West.

15. How do the rates on railway supplies via the Panama Canal compare with the all-rail rates?

16. What is the meaning of the term "blanket rate system"?

17. What advantages may be ascribed to this method of establishing rates?

18. What would be the rates from a Group-C point to an intermediate rate point on railway supplies?

19. What distinction is to be drawn as to Terminal Points and Intermediate Territory?

20. To what extent are terminal rates applied?

21. Under what class of rates, that is, class or commodity, does the bulk of tonnage to the coast move?

22. How were the class rates to Intermediate Points readjusted?

23. How are the class rates to branch-line points in Intermediate Territory constructed?

24. How do the class rates to Reno, Nev., compare with the rates to Phoenix, Ariz.?

25. What term was applied to points in California north of Marysville?

26. What is the general basis underlying the construction of rates from points in the eastern part of the United States to Ogden and Salt Lake City, Utah?

27. Do combinations based on Salt Lake City ever defeat the through rates established to Intermediate Points?

28. What is the first-class rate from Chicago to Montana Common Points?

29. Are commodity rates in general to Terminal Points adjusted on any fixed basis?

30. What class of commodities is contemplated by Schedule A?

31. On which of the schedules, A, B, or C, is the element of water competition the most acute?

32. To what cause may be ascribed the low measure of the Schedule-A rates?

33. How many rate zones are established for the construction of rates to points intermediate to California Terminals?

34. What territory is contemplated by Zone 2?

35. How did the Commission act on the carriers' applications to maintain higher rates from Zone 1 to Intermediate Points than from the same zone to the Terminals?

36. May combination rates be employed to defeat the through rates named in trans-continental tariffs?

37. As concerns Schedule-C commodities, to what extent may the Intermediate Point Territory exceed the terminal rate on traffic originating at New York?

38. What are the usual differentials that are added to the Missouri River rates in constructing rates to Intermediate Territory on the Schedule-C commodities?

39. Give an illustration of the plan on which this adjustment is employed.

40. What points are embraced in the so-called "Gold District"?

41. What territory is contemplated by Pacific Coast Fr Bureau Territory?

42. Name several of the more important North Pacific C Terminals.

43. To what extent are the intermediate rates applie North Pacific Coast Territory?

44. What are the various districts into which the territo divided?

45. Is water competition the same to the North Pacific C points as to the South Pacific Coast points?

46. As concerns the construction of class rates to point British Columbia and Puget Sound, how are the class adjusted with respect to the terminal rates?

47. What is the first-class rate from Chicago to Spok Wash.?

48. How are these rates adjusted with respect to the to Seattle?

49. As concerns Spokane as a destination, what differe adjustment is employed in establishing rates on Schedule-B modities from Chicago as compared with rates from the Mis River?

50. What territory is included in the Interior Coast Gro

51. The Columbia River Group embraces what territory

52. As concerns the Columbia River Group, to what ex do the New York rates exceed the terminal rates?

53. As concerns Schedules A, B, and C, briefly outline scope of their application.

54. What general rate-making methods are employed in so-called "Maximum Rate Territory"?

55. Illustrate the back-haul basis of constructing rates?

56. How does the first-class rate from Chicago to Bu Mont., compare with the rates to Great Falls, Mont.?

57. In the Montana rate adjustment, are the Chicago r blanketed when applied from other stations in the adjoi territory?

58. What are the six groups of origin in the Mont adjustment?

59. In general, how is the Montana rate structure built?

60. Under what general principle are rates established f points in Southeastern Territory to Pacific Coast points?

61. What may be said with respect to the eastbound ton v. the westbound tonnage of the Pacific slope?

62. How do the rates from Reno, Nev., to Chicago com with the rates from Chicago to Reno?

FREIGHT RATES
WESTERN TERRITORY

ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

PART 2

SOUTHWESTERN TERRITORY

G. J. VIZARD
Traffic Manager, Little Rock Board of Commerce

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1922

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VIII. Summary

SOUTHWESTERN TERRITORY

CHAPTER I

DEVELOPMENT OF RATE STRUCTURE

1. State Legislation

The rate structure of Southwestern Tariff Committee Territory[1] may be said to be partially the result of an aggressive railroad policy enforced by the State of Texas. This policy was believed to be best adapted to foster the interests of the people of that state, as it enabled them to compete on equal terms with each other and with those outside the state.

The following expression as to the policy of the Railroad Commission of Texas is found in its fifth annual report.

> To Texas as a whole it is of the most vital concern that there should be within her limits at proper places jobbing and manufacturing establishments. Besides adding to the citizenship of the state a desirable population and furnishing employment to persons already in our midst and enhancing the taxable values of the state, and, as a consequence, under wisely administered government, aiding in ultimately reducing the rate of taxation, and besides the home market they afford to the tiller of the soil and other producers, including manufacturers, for their prod-

[1] This territory is outlined and defined on Map 12 of the Atlas of Traffic Maps.

ucts, if men, in Texas, having the capital to engage in a whole business or in a manufacturing enterprise, for the succes which natural conditions are favorable, they have as much r to invest their means in such business or enterprise as a ma Illinois or Missouri has to embark in such business or enterp in his state. Some of the Texas lines of railway, constitu parts of interstate systems of railway interested in long h appear to be hostile to a policy which would foster Texas bing and manufacturing interests, while other lines manife favor such a policy. Outside cities bring to bear every pres they can to coerce all Texas lines into a course favorable to t interests and adverse to the interests of Texas cities with res to jobbing and manufacturing. * * * This commission always had in mind the securing of relatively just state interstate rates, with a view of enabling Texas merchants manufacturers to do business in competition with outsiders.

The interstate rate structure of this territory r largely upon the state rates prescribed by the Railr Commission of Texas. It is separate and distinct f the structures in other territories, although its appl tion is somewhat similar to the extension of the Bos rate to the greater part of New England on traffic desti to points in Central Freight Association Territory.[2] promulgating rates, this commission has divided the St of Texas into two groups, one of which is designated Common Point Territory and the other as Differen Territory.[3] In Common Point Territory rates are sca or increased as the distance increases from 10 miles to miles, but for distances over 245 miles, but still within state, the rates are the same whether the distance 246 miles or 346 miles. The object of this maxim rate is to enable the various jobbing centers of the st

[2] See Map 5, Atlas of Traffic Maps.

[3] These territories are described in a subsequent chapter of this w

to compete with each other for trade at points more distantly located. Take Dallas and Fort Worth as an illustration. On short-haul points the gradual increase in the scale preserves to each point the advantage of location that it has over the other point, but when the maximum distance is reached they both have the same rate and consequently compete on an equal basis.

To enable merchants and others at the jobbing centers to obtain their shipments on an equal basis, it seemed desirable that all points in Common Point Territory should have equal terms for transportation.

The following extract from the report for 1896 of the Railroad Commission of Texas illustrates the view of that body as to this procedure.

* * * In making the demand there was no injustice to the railroads, for, viewed simply as roads operating in the state, it is to their interest to favor our policy of bringing goods from abroad into Texas cities in carload quantities and in distributing them from the jobbing houses in such cities in less-than-carload quantities among the retailers. As the freight charges they receive on local less-than-carload shipments in the state added to what they receive in the division of through rates on carload shipments to the Texas jobber usually amount to more than they receive in the division of through rates on less-than-carload shipments from a jobber outside the state to a retailer in the state; and it can be shown to be to their advantage to pursue a policy favorable to the development of manufacturing in Texas. While by pursuing, along the lines indicated, a course favorable to the upbuilding of Texas jobbing and manufacturing enterprises, the interests of Texas roads considered as such would be subserved, yet, constituting, as some of the Texas roads do, parts of interstate systems, the interests of the systems rather than the interest of the Texas lines are too often regarded. Here lies the main difficulty, in our opinion, in securing a just arrangement of interstate rates. It can be met either by those lines which are

not dominated by outside influences taking a firm stand a cooperating with this commission to compel the other lines act justly toward Texas interests, or, if adjustments can not made by consent, by the Interstate Commerce Commission, wi an intelligent grasp of the situation, when appealed to, maki the proper adjustment.

It is quite unlikely that articles would move in carlo quantities to the smaller points in Texas. The Tex jobbers, therefore, who buy in carload quantities, p freight charges on that basis, and distribute in less-tha carload quantities on the less-than-carload rates, are al to compete with the jobbing houses in other sections the country, which would, in all probability, have to pa in such an instance as the following, on the less-tha carload basis through from a more distant point.

Suppose, for illustration, that a farmer at Gates, Te which is but five miles from Dallas, desires to buy mowing machine. The current tariffs show that t freight charges would be $1.04 per 100 pounds throu from St. Louis, on the less-than-carload basis, while t Dallas jobber, who presumably buys in carload lots, pa as follows:

From St. Louis to Dallas on C. L. basis	
From Dallas to Gates on L. C. L. basis	
Through rate	

This indicates a very substantial advantage in fav of the Dallas jobber. If, on the other hand, the consum was in a position to buy in carload quantities, this adva tage to the Dallas jobber would be nullified, because t consumer could buy in St. Louis as cheaply as the Dall jobber, the same rate applying from St. Louis to Gat as applies from St. Louis to Dallas.

It may be stated that in no adjustment in the count

are so many different elements of competition felt as in the Southwestern rate structure. Indeed, competition may be said to be the key to the entire basis. The area of the territory, its vast agricultural and mineral resources, and the development of the early jobbing centers into thriving municipalities, have brought about, between the various producing centers, strong competition for the supremacy of trade, which was naturally followed by keen rivalry between the carriers.

2. Distance Principle

Rates made on the distance principle or mileage scale cannot stand the test of competition, for as the distance between points increases or decreases the rates increase or decrease, thus giving to each point a fixed and constant relation to every other point and preserving natural advantages. But this principle has its disadvantages when applied to cheap and bulky articles which, on account of the source of raw material or location of manufacturing centers, must move long distances to markets of consumption. In the words of the Interstate Commerce Commission, rates constructed on a ton-mile basis would give to distance an exaggerated influence, resulting in relatively prohibitive rates beyond certain distances and the elimination of competition.

3. Principles of Competition

In adjusting interstate rates for the transportation of property from the various producing centers to common and competitive points in Southwestern Territory, the method employed has been to accept such rates from the

various producing and shipping points as the comp tion of rival carriers, competitive routes, and produc markets require to move the traffic from each prod ing, manufacturing, and shipping point in competit with each other point or origin.

In so far as it is possible, the differentials establis by the carriers from the various groups when appl to the base rates adjust the degree of competition reflected by the competitive influences of carriers, rou commodities, and markets.

It should be understood that these differentials rates which are considerably less than the local rates plying between the same points. For instance, the fi class rate from Chicago to St. Louis, Mo., on local tra or traffic destined to St. Louis proper is 43.3 cents 100 pounds, while the first-class differential between same points on traffic destined to Texas is 20 cents.

The Interstate Commerce Commission, in treating subject of differentials, stated as follows:

> Nothing is more certain concerning transportation in country, either as to cost of service to the carrier, or value service to the shipper, than that as the mileage increases the t cost increases, but the cost per ton per mile decreases. It follo and with particular force as applied to grouped points of ori and grouped points of destination, that differentials either ab or below the rates from any given point become less and important as distance of ultimate destination increases. Sta in other words, differentials diminish with increasing dista and vanish when the mileage on which the differential is ba becomes inconsiderable in proportion to the total mileage fr basing point to destination.[4]

Thus, while the differential from Chicago to St. Lo as contrasted with the local rate shows a great differen

[4] 16 I. C. C. Rep., 482, 487.

the differential applied from Pittsburgh, Pa., closely approximates the local rate, while on traffic from points in Trunk Line Territory a combination of local rates is all that is available.

The differential (see Table 5) either over or under the base point measures the extent of the competition expressed in a freight rate as between markets of production or shipping points.

The competition of markets is of two kinds, direct and indirect. Direct competition is that of markets situated in close proximity to each other. Paper manufacturers located in Fox River Territory are in direct competition with manufacturers located in Cincinnati Territory, while both of these districts feel the indirect competition of manufacturers located in New England who compete with them via the Gulf routes.

4. Competition of Transportation Routes

The competition of rival transportation routes of carriers is likewise direct and indirect.

The direct competition of rival transportation routes, whether rail, water, or rail-and-water, is exemplified in the rates from Cincinnati Territory,[5] as a choice of all-rail or rail-and-water carriage is available and shipments may move as follows:

(1) All rail via railroads operating therefrom.

(2) Rail and water via the Ohio River to Louisville or Cairo; thence via rail.

(3) Via the Ohio and Mississippi rivers to East St. Louis, Memphis, Vicksburg, or New Orleans; thence via rail.

[5] See Map 13, Atlas of Traffic Maps.

(4) Via the Ohio and Mississippi rivers and the Gulf Mexico; thence via rail.

Water-and-rail routes form rival routes to the ma all-rail routes.

Indirect competition of rival transportation routes illustrated in the rates from Fox River Territory* Texas Common Points (see page 10) with the rates fr Cincinnati Territory to the same destinations. The co petition between the routes from Fox River Territo and the route in connection with the water carriers on t Ohio River is indirect but not so remote as to fail to ex some influence, for the traffic from Cincinnati, par water borne and partly rail borne, cannot be set down Texas at a rate unreasonably discriminatory to like tra from Fox River Territory.

5. Competition of Carriers

The competition of rival carriers, by which is me carriers of one kind, either rail, water, or rail-and-wat is at all times direct, although the districts which th serve in competition with each other may be separat 1,000 miles or more.

It is apparent that it is to the advantage of each carri whether all-rail, all-water, or rail-and-water, to place producing or shipping markets in active and aggressi competition with markets located elsewhere for trade the Southwest, because by so doing it is assured of t haul on a portion of the traffic.

In some cases, however, particularly with regard points located on the Gulf of Mexico or adjacent there

* See Map 13, Atlas of Traffic Maps.

the rail lines or the across-country rail-and-water routes are forced to concede the traffic to the water carriers serving such ports as Galveston and Texas City, Tex., and New Orleans, La. This is due to the fact that these points are so located that they secure all-water rates, which are much less than those that could be profitably established by the rail or rail-and-water lines.

Adjustments in commodity rates to Gulf of Mexico points from inland points are made with regard to the rates established by the water carriers. While there may be no water competition affecting traffic from the points concerned, the rates established by this indirect water competition are regarded as necessary, in order to place the communities or the commodities in competition with other sections of the country, and like traffic, where there is direct competition.

The rates to points on the Gulf of Mexico and to points basing thereon indicate in a high degree the effects of direct and indirect competition. The rates on such traffic as paper from points in Fox River Territory are made to meet the rates on paper from points in Seaboard Territory via New York and the Gulf routes. Likewise, many of the commodity rates from points located on the Ohio and Mississippi rivers are made on combination rates based on the lower Mississippi River Crossings (Memphis, Vicksburg, and New Orleans). The rates to the base points are made to meet the direct competition of the carriers on the said rivers, and the rates from the base points in Southeast Texas adjacent to the Gulf of Mexico are made to meet the direct steamship competition on the Gulf.

across-country routes, but they would also decrease the competition between the manufacturers located in Seaboard Territory and the manufacturers in Fox River Territory, in proportion to the difference in freight rates.

CHAPTER II

TEXAS INTRASTATE RATES

1. Common Point Territory

In the Atlas of Traffic Maps, Map 6 roughly indicates the boundaries of Texas Common Point Territory, which is specifically defined by the Railroad Commission of Texas as follows:

The term "common point territory" designates that portion of Texas lying south of the Amarillo Division of the Chicago, Rock Island & Gulf Railway, but including Amarillo, and east of and including points on a line drawn from Amarillo to Fuller (running east of Floydada) on the Pecos & Northern Texas Railway; Fluvanna on the Roscoe, Snyder & Pacific Railway; Midland on the Texas & Pacific Railway; thence (running east of the Sterling City Extension of the Concho, San Saba & Llano Valley Railway) to San Angelo on the Gulf, Colorado & Santa Fe Railway and Kansas City, Mexico & Orient Railway of Texas; thence to Menard on the Fort Worth & Rio Grande Railway; thence to Llano on the Houston & Texas Central Railroad; thence (running east of the Kerrville Branch of the San Antonio & Aransas Pass Railway) to San Antonio on the San Antonio & Aransas Pass Railway and Galveston, Harrisburg & San Antonio Railway; thence via the International & Great Northern Railway to Laredo; thence to Alice and Corpus Christi on the San Antonio & Aransas Pass Railway; provided, that no part of the Wichita Valley Railway west of Sagerton, the Quanah, Acme & Pacific Railway west of Quanah, the Crosbyton-Southplains Railroad, the Texas Mexican Railway, the St. Louis, Brownsville & Mexico Railway south of Sinton or west of Corpus Christi, or the San

Antonio, Uvalde & Gulf Railway south of Uvalde and west Fowlerton, shall be included in common point territory.

2. Distances

All class and commodity rates applicable on tra moving between points in Texas are promulgated by t railroad commission and are made on a mileage bas the rates increasing as the distance increases until t maximum rate is reached, after which the rates are t same, irrespective of the distance.

The distances between most of the junction points a all local points on lines within the State of Texas are al promulgated by the commission and these are the d tances that must be used in constructing the rates

An extract from the issue is given on pages 15 and It conveys a good idea as to the manner in which t information is set forth.

In applying rates which are based on mileage, it is considerable importance that a uniform basis be e ployed at all times. In transportation circles, passeng fares are frequently computed on a different miles basis from that on which freight rates are based, a for the purpose of establishing a uniform basis mileages within the state of Texas are announced by t commission.

FREIGHT RATES—WESTERN TERRITORY

TABLE 1

Distances Between Texas Junction Points and Stations on the Galveston, Harrisburg & San Antonio Railway

Miles Between ... And ...	El Paso	San Antonio, Pass. Depot.	Texas City Jct.	Galveston.	Dallas, Union Pass. Depot.	Beaumont.	Orange, Pass. Depot.	Houston, H. & T. C. Pass. Depot.	Houston, T. & N.O.-G. H. & S. Frt. D.
G. H. & S. A. Ry. Main Line.									
Ivy	681.5	61.5	185.8	196.4	519.0	230.6	252.5	147.2	147.8
Luling	676.0	56.0	191.3	201.9	524.5	236.1	258.0	152.7	153.3
Sullivan	669.5	49.5	197.8	208.4	531.0	242.6	264.5	159.2	159.8
Sand Pit	668.4	48.4	198.9	209.5	532.1	243.7	265.6	160.3	160.9
Kingsbury	664.8	44.8	202.5	213.1	535.7	247.3	270.2	163.9	164.5
Ilka	659.0	39.0	208.3	218.9	541.5	253.1	275.0	169.7	170.3
Seguin	655.3	35.3	212.0	222.6	545.2	256.8	278.7	173.4	174.0
Nolte	651.1	31.1	216.2	226.8	549.4	261.0	282.9	177.6	178.2
Blumberg Spur	650.0	30.0	217.3	227.9	550.5	262.1	284.0	178.7	179.3
Hilda	649.2	29.2	218.1	228.7	551.3	262.9	284.8	179.5	180.1
Marion	644.4	24.4	222.9	233.5	556.1	267.7	289.6	184.3	184.9
Cibolo Valley	639.1	19.1	228.2	238.8	561.4	273.0	294.9	189.6	190.2
Schertz	636.4	16.4	230.9	241.5	564.1	275.7	297.6	192.3	192.9
Converse	632.6	12.6	234.7	245.3	567.9	279.5	301.4	196.1	196.7
Kirby	627.8	7.8	239.5	250.1	572.7	284.3	306.2	200.9	201.5
Gulf Junction	624.2	4.2	243.1	253.7	576.3	287.9	309.8	204.5	205.1
S. Ant'o, P. Dep.	620.0	.....	247.3	257.9	580.5	292.1	314.0	208.7	209.3
S. Ant'o, Fr. Dep.	619.7	0.3	247.6	258.2	580.8	292.4	314.3	209.0	209.6
Union Stock Yds.	616.8	3.2	250.5	261.1	583.7	295.3	317.2	211.9	212.5
Alazan	615.2	4.8	252.1	262.7	585.3	296.9	318.8	213.5	214.1
Withers	610.8	9.2	256.5	267.1	589.7	301.3	323.2	217.9	218.5
Macdona	602.7	17.3	264.6	275.2	597.8	309.4	331.3	226.0	226.6
Uvalde Junction	527.9	92.1	339.4	350.0	672.6	384.2	406.1	300.8	301.4
Noonan	588.5	31.5	278.8	289.4	612.0	323.6	345.5	240.2	240.8
Dunlay	580.6	39.4	286.7	297.3	619.9	331.5	353.4	248.1	248.7
Quihi	575.0	45.0	292.3	302.9	625.5	337.1	359.0	253.7	254.3
Hondo	570.8	49.2	296.5	307.1	629.7	341.3	363.2	257.9	258.5
D'Hanis	562.3	57.7	305.0	315.6	638.2	349.8	371.7	266.4	267.0
Seco	557.4	62.6	309.9	320.5	643.1	354.7	376.6	271.3	271.9
Sabinal	549.8	70.2	317.5	328.1	650.7	362.3	384.2	278.9	279.5
Yucca	545.4	74.6	321.9	332.5	655.1	366.7	388.6	283.3	283.9
Knippa	538.8	81.1	328.4	339.0	661.6	373.2	395.1	289.8	290.4
Ange	533.0	87.0	334.3	344.9	667.5	379.1	401.1	295.7	296.3
Uvalde	528.2	91.8	339.1	349.7	672.3	383.9	405.8	300.5	301.1
Uvalde Junction	527.9	92.1	339.4	350.0	672.6	384.2	406.1	300.8	301.4
Hacienda	521.7	98.3	345.6	356.2	678.8	390.4	412.3	307.0	307.6
Obi	516.0	104.0	351.2	361.9	684.5	396.1	418.0	312.7	313.3
Cline	509.9	110.1	357.4	368.0	690.6	402.2	424.1	318.8	319.4
Odlaw	504.5	115.5	362.8	373.4	696.0	407.6	429.5	324.2	324.8
Pavo	500.0	120.0	367.3	377.9	700.5	412.1	434.0	328.7	329.3
Anacacho	495.7	124.3	371.6	382.2	704.8	416.4	438.3	333.0	333.6
Spofford	487.6	132.4	379.7	390.3	712.9	423.5	446.4	341.1	341.7

OFFICE OF THE

RAILROAD COMMISSION OF

MILEAGE TABLE NO.

Tables of Mileage Between Railroad

EFFECTIVE NOVEMBER 15, 1913

It is hereby ordered that the following tables of mileage between stations on Rai
be adopted for use in determining rates for the transportation of passengers and fre
the said rates depend upon mileage.

EXPLANATION.

All railroad stations in Texas are embraced in the left margin of the tables; all
few exceptions, appear in the headings.

At stations where there are both passenger and freight depots, and the distance
of a mile, the freight depot is not in all cases shown, and where not shown the dist

At stations where there is no depot or passenger platform, the distances given re
of spur.

All points common to two or more lines are regarded as "Junction Points."
separately to the passenger and freight depots at any "Junction Point" the passen
junction. The mileage shown from the stations embraced in the headings, i. e., ju

In the list of stations on the left hand margin, all "junction points" are indica
"junctions" whether shown in the headings or not.

RULE 1.—For the determination of passenger rates between points on the sam
their respective passenger depots. For the determination of joint passenger rates b
the sum of the actual distances from the passenger depots at such points to the
junction, selecting that passenger depot common to both lines when given in the tab

RULE 2.—For the determination of freight rates between points on the same
their respective depots. For the determination of joint freight rates between points
actual distances from the freight depots at such points to the respective passenger de
passenger depot common to both lines when given in the tables.

RULE 3.—All distances are given in the tables to the nearest tenth of a mile.
ing either local or joint passenger or freight rates, the fractions of miles must be reta

RULE 4.—When the distance between two stations, neither of which appears
ference between the distance from a point named in the headings to such points, pr
be that of the same route ,it being understood that the actual short-line mileage shal

It is further ordered that all mileage heretofore published by this Commission
thereto that is in conflict with the mileage of these tables be hereby canceled.

NOTE.—Attention is hereby called to Circular No. 4026, which provides that t
the establishment of any new station, siding or spur; and that the permission of the
station, siding or spur is abolished or discontinued for use.

Attest:
E. R. McLEAN,
Secretary.

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(a) Short-Line Distance as Maximum

When two or more routes are in operation between points, the rate applicable via the shortest line is adopted by the other lines accepting freight between such points.

Taking Houston, Tex., as a representative point of origin and San Antonio, Tex., as the destination, the distance is shown as 209 miles and the scale for this distance, it being over a line under a common management, would be as shown in Table 2.

To make the rates to the same points from Galveston, the arbitraries shown on page 22 are added to the Houston rates as constructed above.

(b) Combination of Local Distances

Assuming that the distance between two points is 100 miles via a route consisting of two lines not under the same control and that one line hauls the traffic 60 miles and the other line 40 miles, the rates would be made by adding the joint arbitraries given below to the scale shown for 100 miles, viz.:

Classes	1	2	3	4	5	A	B	C	D	E
Single-line rates	44	41	38	35	26	27	24	21	16	13
Joint arbitraries	8	7	6	5	4	4	4	3	2	2
Through rates	52	48	44	40	30	31	28	24	18	15

Occasionally the application of the single-line rates for each line's proportion of the through haul will produce a lower rate than is obtained by applying the scale for continuous mileage. For illustration, the joint rates for

a haul of 20 miles, 10 miles of which is over each
would be as follows:

Classes	1	2	3	4	5	A	B	C	D
Single-line rates	17	15	13	11	9	10	8	6	6
Joint-haul arbitraries	8	7	6	5	4	4	4	3	2
Through joint rates	25	22	19	16	13	14	12	9	8

The combination of the single-line rates would l

Classes	1	2	3	4	5	A	B	C	D
10 miles and less	13	12	10	8	6	7	6	5	5
" " " "	13	12	10	8	6	7	6	5	5
Through rates	26	24	20	16	12	14	12	10	10

A lower rate on fifth class is obtained in this ma
than is obtained under the joint scale; therefore,
lower rate would be applied.

3. Local Rates

Class rates between points located in this territor
made in accordance with the distance rates annou
by the Railroad Commission of Texas. The cu
rates for single-line hauls are reproduced in Tab
this basis having been in effect for some time. Alth
this basis is considerably higher than the basis empl
in Central Freight Association Territory, the Texas
contend that they do not afford sufficient remuner
and a movement is on foot to secure an advance in
rates. Well-informed authorities, however, do not
sider that this increase will be granted, inasmuc
public sentiment is strongly opposed to it.

TABLE 2

Single-Line Rates of the Railroad Commission of Texas

Distances—Miles	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
	Less than Carloads				Carloads					
10 and less	13	12	10	8	6	7	6	5	5	4
12 and over 10	14	12	11	9	6	7	6	5	5	4
15 and over 12	15	13	12	10	7	8	6	5	5	4
18 and over 15	16	14	12	10	8	9	7	6	5	5
21 and over 18	17	15	13	11	9	10	8	6	6	5
24 and over 21	18	16	14	12	10	11	9	7	6	5
27 and over 24	19	17	15	13	11	12	10	8	7	6
30 and over 27	20	18	16	14	12	13	11	9	7	6
33 and over 30	21	19	17	15	13	14	12	10	8	6
36 and over 33	22	20	18	16	14	15	13	10	8	7
39 and over 36	23	21	19	17	15	16	14	11	9	7
42 and over 39	24	22	20	18	16	17	14	11	9	7
45 and over 42	25	23	21	19	17	18	15	12	10	8
48 and over 45	26	24	22	20	17	18	15	12	10	8
51 and over 48	27	25	23	21	18	19	16	13	11	8
54 and over 51	28	26	24	22	18	19	16	13	11	9
57 and over 54	29	27	25	23	19	20	17	14	12	9
60 and over 57	30	28	26	24	19	20	17	14	12	9
63 and over 60	31	28	26	24	20	21	18	15	13	10
66 and over 63	32	29	27	25	20	21	18	15	13	10
69 and over 66	33	30	28	26	21	22	19	16	13	10
72 and over 69	34	31	29	27	21	22	19	16	13	10
75 and over 72	35	32	30	28	22	23	20	17	14	11
78 and over 75	36	33	31	29	22	23	20	17	14	11
81 and over 78	37	34	32	30	23	24	21	18	14	11
84 and over 81	38	35	33	30	23	24	21	18	14	11
87 and over 84	39	36	34	31	24	25	22	19	15	12
90 and over 87	40	37	35	32	24	25	22	19	15	12
93 and over 90	41	38	35	32	25	26	23	20	16	13
96 and over 93	42	39	36	33	25	26	23	20	16	13
99 and over 96	43	40	37	34	26	27	24	21	16	13
102 and over 99	44	41	38	35	26	27	24	21	16	13
105 and over 102	45	42	39	36	27	28	25	22	17	14
108 and over 105	46	43	40	37	27	28	25	22	17	14
111 and over 108	47	44	40	38	28	29	26	23	17	14
114 and over 111	48	45	41	39	28	29	26	23	17	14
117 and over 114	49	46	42	40	29	30	27	24	18	15
120 and over 117	50	47	43	41	29	30	27	24	18	15
124 and over 120	51	47	43	41	30	31	28	25	18	15
128 and over 124	52	48	44	42	30	31	28	25	18	15
132 and over 128	53	49	45	43	31	32	29	25	18	15
136 and over 132	54	50	45	43	31	32	29	26	19	16
140 and over 136	55	51	46	44	32	33	30	26	19	16

[1] Governed by the Texas Classification.

TABLE 2—Continued

Distances—Miles	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
	Less than Carloads				Carloads					
144 and over 140	56	52	47	45	32	33	30	26	19	16
148 and over 144	57	53	48	46	33	34	31	27	19	16
152 and over 148	58	54	49	47	33	34	31	27	19	16
156 and over 152	59	55	50	48	34	35	32	27	20	16
160 and over 156	60	56	51	49	34	35	32	28	20	16
164 and over 160	61	56	51	49	35	36	33	28	20	16
168 and over 164	62	57	51	49	35	36	33	28	20	16
172 and over 168	63	58	52	50	36	37	34	29	20	16
176 and over 172	64	59	53	51	36	37	34	29	21	16
180 and over 176	65	60	54	52	37	38	35	29	21	16
184 and over 180	66	61	55	53	37	38	35	30	21	16
188 and over 184	67	62	56	54	38	39	36	30	21	16
192 and over 188	68	63	57	55	38	39	36	30	21	16
196 and over 192	69	64	58	56	39	40	37	31	22	17
200 and over 196	70	65	58	56	39	40	37	31	22	17
205 and over 200	71	65	58	56	40	41	37	31	22	17
210 and over 205	72	66	59	57	40	41	38	32	22	17
215 and over 210	73	67	59	57	41	42	38	32	22	17
220 and over 215	74	68	59	57	41	42	38	32	22	17
225 and over 220	75	69	59	57	42	43	39	33	23	17
230 and over 225	76	70	60	58	42	43	39	33	23	17
235 and over 230	77	70	60	58	43	44	39	33	23	17
240 and over 235	78	71	60	58	43	44	40	34	23	17
245 and over 240	79	71	60	58	44	45	40	34	23	17
Over 245	80	72	60	58	44	46	40	34	23	17

[1] Governed by the Texas Classification.

In this table observe that the rates from 12 to 120 miles increase with every third mile; from 121 to 200 miles with every fourth mile; and from 201 to 245 miles with every fifth mile.

4. Joint Rates

For the transportation of shipments over two or more railroads which are not under the same management or control, rates, in general, are made by the addition of the following scale of differentials (in cents per 100 pounds and governed by the Texas Classification) to the single-line rates shown in Table 2, with the proviso that when the sum of rates prescribed for local application is

less than a joint rate made in accordance with the above instructions, such sum of rates shall be used as the joint rate:

Classes	1	2	3	4	5	A	B	C	D	E
Differentials	8	7	6	5	4	4	4	3	2	2

5. Maximum Rates

In the case of either single-line or joint-line hauls the rates between points in Common Point Territory are not to exceed the following figures, except in cases like Galveston and other cities where rates are constructed by the addition of differentials, and in cases where a higher basis of rates is shown under the exceptions given on page 23.

Classes	1	2	3	4	5	A	B	C	D	E
Rates	80	72	60	58	44	46	40	34	23	17

For illustration, while the rates from Houston to any point in Common Point Territory, over 245 miles distant, are fixed at the maximum scale, the rates from Galveston are made in the following manner:

Classes	1	2	3	4	5	A	B	C	D	E
Common-point rates	80	72	60	58	44	46	40	34	23	17
Differentials	7	6	5	3	3	3	3	2	2	2
Through rates	87	78	65	61	47	49	43	36	25	19

6. Specific Rates

The basis authorized for the construction of rates from the Gulf ports of Galveston and Texas City is not in conformity with that for the local and joint rates just given.

The rates from these ports to all points are made constructing the rate from Houston, Tex., to final de nation and there adding the following scale of arbitra (in cents per 100 pounds and governed by the Te Classification) to the rates so constructed.

Classes	1	2	3	4	5	A	B	C	D	E
Arbitraries	7	6	5	3	3	3	3	2	2	2

On local traffic between Houston and Galveston, Ho ton and Texas City, Houston and Velasco, Velasco Galveston, Velasco and Texas City, Galveston and Te City, and Galveston and North Galveston, the follow scale of rates will be applied, except where the act mileage makes less, in which event the mileage basi applied:

Classes	1	2	3	4	5	A	B	C	D	E
Rates	20	18	16	15	12	12	11	9	8	5

Between Port Arthur or Sabine Pass to Texas Comm Points rates are made the same differentials over Be mont, Tex., as Galveston is over Houston.

(a) To Points Affected by Water Competition

To meet water competition, the Texas commission quently establishes between points involved specific ra which disregard to a great extent the long-and-short-h principle. Thus the carriers are enabled to comp to some extent for traffic with the water carriers. rates between Houston or Galveston and Texas poi are shown in Table 3.

TABLE 3

Water Rates Between Houston or Galveston and Coast Points

Between Houston or Galveston and	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
	Less than Carloads				Carloads					
Port Lavaca and Hawkinsville ...	30	30	30	30	20	20	20	20	20	16
Orange[2]	30	28	20	20	15	15	15	15	14	11
Beaumont	30	28	20	20	15	15	15	15	14	11
Liberty	24	22	20	18	15	15	14	11	9	7
Sabine, Sabine Pass, Port Arthur, West Port Arthur, and Port Neches	30	28	20	20	15	15	15	15	15	13
Between Orange and Sabine, Sabine Pass, Port Arthur, West Port Arthur, and Port Neches	20	18	16	15	12	12	11	9	8	5

[1] Governed by the Texas Classification.

[2] All class rates applicable to shipments transported between Galveston and Beaumont shall be observed and applied to shipments of the same class transported between Galveston and Orange. All class rates applicable to shipments transported from Galveston to Orange shall be observed as maxima on shipments of the same class transported from Port Arthur to Orange.

7. Exceptions to Application of General Basis

As may be inferred, traffic peculiarities such as scarcity of traffic, cost of operation, and so forth, frequently enter into a wholesale adjustment of rates of this character and compel a disregard of the general basis. Representative exceptions to the general basis set forth in the preceding pages of this chapter are given in Table 4. It has not been deemed expedient to indicate the mileage scales applicable to the various lines shown therein, as the reproduction of a number of scales would tend to confuse the reader rather than to enlighten him.

TABLE 4

Exceptions to the General Application of Rates

Stations on the	Remarks
Chicago, Rock Island & Gulf Railway.	Special mileage scale.
Fort Worth & Denver City Railway (Hodge to Bowie).	Special mileage scale.
Texas Central Railroad (Dublin to DeLeon; also Cisco and Rising Star).	Special mileage scale.
San Antonio & Aransas Pass Railway.	South of Alice, rates are ma adding to the distance shown in Table 2 the differ rates named in Table 5.
Quanah, Acme & Pacific Railroad.	Special differential basis.
Pecos Valley Southern Railway.	Special mileage scale.
St. Louis, Brownsville & Mexico Railway.	Between stations on the line San Antonio & Rio Grande way and other points in rates are made by adding rates applying between San and other points in Texa following rates: Classes. 1 2 3 4 5 A B Rates...18 16 14 12 10 11 9 These rates are governed Texas Classification.
San Benito & Rio Grande Valley Railway.	Rates are constructed on a scale of differentials.

CHAPTER III

TEXAS INTRASTATE RATES (Continued)

1. Differential Territory

A different basis is provided for the construction of rates to, from, and between points located in Differential Territory, which territory is described as embracing all that portion of Texas not embraced in Common Point Territory, as previously described (see page 13).

2. Basis for Rates

The rates to or from points in this territory (with exceptions which are enumerated) on shipments moving more than 245 miles are made by adding to the maximum common-point rates the rates shown in Table 5, applying continuous mileage for the distance over the common point.

Probably the most striking feature in this territory is the few lines that serve it. The service is afforded by a comparatively few lines as contrasted with Common Point Territory. The absence of competition, therefore, must have some bearing on the higher basis of rates which is applied from this section of the state.

The rates so made on shipments between points on the Galveston, Harrisburg & San Antonio Railway (San Antonio and west) or between points on the Texas & Pacific Railway (Sherman or Dallas and west) shall not exceed the following figures:

Classes	1	2	3	4	5	A	B	C	D	E
Rates	100	93	81	78	58	61	53	44	32	24

Except as provided in the general exceptions issued the Commission on the maximum rates between a points in Texas, one of which is in Common Point Ter tory and the other in Differential Territory are as follow

Classes	1	2	3	4	5	A	B	C	D	E
Maximum Common Point Rates	80	72	60	58	44	46	40	34	23	17
Maximum Differential Rates	25	23	21	20	14	15	13	12	11	10
Maximum Through Rates	105	95	81	78	58	61	53	46	34	27

TABLE 5

Differential Rates

Distances—Miles	Rates in Cents per 100 Pounds								
	Classes[1]								
	1	2	3	4	5	A	B	C	D
	Less than Carloads				Carloads				
20 and less	2	2	1	1	1	1	1	1	1
30 and over 20	3	2	1	1	1	1	1	1	1
40 and over 30	4	3	2	1	1	1	1	1	1
50 and over 40	5	4	3	2	1	2	1	1	1
60 and over 50	6	5	4	3	2	3	2	2	2
70 and over 60	7	6	5	4	3	4	2	2	2
80 and over 70	8	7	6	5	4	5	3	2	2
90 and over 80	9	8	7	6	5	6	4	3	3
100 and over 90	10	9	8	7	6	7	5	4	3
110 and over 100	11	10	9	8	7	8	6	5	4
120 and over 110	12	11	10	9	7	8	6	5	4
130 and over 120	13	12	11	10	8	9	7	6	5
140 and over 130	14	13	12	11	8	9	7	6	5
150 and over 140	15	14	13	12	9	10	8	7	6
160 and over 150	16	15	14	13	9	10	8	7	6
170 and over 160	17	16	15	14	10	11	9	8	7
180 and over 170	18	17	16	15	10	11	9	8	7
190 and over 180	19	18	17	16	11	12	10	9	8
200 and over 190	20	19	18	17	11	12	10	9	8
215 and over 200	21	20	19	18	12	13	11	10	9
230 and over 215	22	21	20	19	12	13	11	10	9
245 and over 230	23	22	20	19	13	14	12	11	10
260 and over 245	24	23	21	20	13	14	12	11	10
Over 260	25	23	21	20	14	15	13	12	11

[1] Governed by the Texas Classification.

3. Exceptions to General Basis

Some of the exceptions to this basis made by the Tex Commission are as follows:

1. Rio Grande Railroad:

Between	Rates in Cents per 100 Pounds									
	Classes [1]									
	1	2	3	4	5	A	B	C	D	E
	Less than Carloads				Carloads					
Brownsville and end of track Laguna Madre	30	26	22	19	18	20	19	16	14	11
Brownsville and Point Isabel and intermediate points	26	21	17	15	12	14	13	11	9	6
Point Isabel and end of track Laguna Madre	10	8	6	5	4	4	4	4	3	3

[1] Governed by the Texas Classification.

2. St. Louis, Brownsville & Mexico Railway, south of Robstown, and San Antonio & Aransas Pass Railway south of Alice:

(a) The rates on all classes and commodities moving between points on the San Antonio & Aransas Pass Railway south of Alice and other points in Texas shall be made by employing, for such mileage south of Alice traversed by the shipments, the differential rates as prescribed in the various tariffs adopted or approved by this commission regardless of the distance such shipments may move in excess of such mileage south of Alice.

(b) The rates on all classes and commodities moving between points on the St. Louis, Brownsville & Mexico Railway south of Robstown and points on other lines in Texas (other than St. L., B. & M. junctions), shall be made by employing, for the mileage south of Robstown traversed by the shipments, the differential rates as prescribed in the various tariffs adopted or approved by this commission regardless of the distance such shipments may move in excess of such mileage south of Robstown.

3. Wichita Valley Railway: The line of the Wichita Valley Railway west of Sagerton shall be treated as in differential territory, and the following differential figures shall be observed, under the rules governing the application of differentials, for the distance west of Stamford on shipments moving to or from the points named below:

Stations	Rates in Cents per 100 Pounds								
	Classes[1]								
	1	2	3	4	5	A	B	C	D
	Less than Carloads				Carloads				
Brandenburg	3	2	1	1	1	1	1	1	1
Aspermont	4	3	2	1	1	1	1	1	1
Gowdy	4	3	2	1	1	1	1	1	1
Alluvia	5	4	3	2	1	2	1	1	1
Oriana	6	5	4	3	2	3	2	2	2
Jayton	6	5	4	3	2	3	2	2	2
Girard	7	6	5	4	3	4	2	2	2
Sterley	8	7	6	5	4	5	3	2	2
Spur	8	7	6	5	4	5	3	2	2

[1] Governed by the Texas Classification.

4. Quanah, Acme & Pacific Railway: The line of the Quan Acme & Pacific Railway west of Quanah shall be treated as differential territory, and the following differential figures sh be observed, under the rules governing the application of diff entials, for the distance west of Quanah on shipments moving or from the points named below:

Stations	Rates in Cents per 100 Pounds								
	Classes[1]								
	1	2	3	4	5	A	B	C	D
	Less than Carloads				Carloads				
Lazare	3	2	1	1	1	1	1	1	1
Sommer	3	2	1	1	1	1	1	1	1
Baker	4	3	2	1	1	1	1	1	1
Swearingen	5	4	3	2	1	2	1	1	1
Paducah	6	5	4	3	2	3	2	2	2

[1] Governed by the Texas Classification.

5. Pecos Valley Southern Railway: Class rates applicable shipments moving between points on the Pecos Valley South Railway and points on other lines in Texas shall be made employing, for the distance moved by the Pecos Valley South

Railway, the regularly prescribed differential rates regardless of the distance such shipments may move in excess of such Pecos Valley Southern Railway mileage actually traversed; that is, the provision that shipments must move more than 245 miles before differentials are added will be waived and differentials will be employed in all cases of joint shipments to or from points on that line.

6. Crosbyton-Southplains Railroad: Joint rates on all carload and less-than-carload shipments of freight moving between points on the Crosbyton-Southplains Railroad and points on other lines of railway in Texas shall be made by employing, for the distance moved by the Crosbyton-Southplains Railroad, the regular prescribed differential rates regardless of the distance such shipments may move in excess of such Crosbyton-Southplains Railroad mileage actually traversed; that is, the line of said Crosbyton-Southplains Railroad will be considered as in differential territory, and the provisions that shipments must move more than certain prescribed maximum tariff distances before differentials are added will be waived and differentials will be employed in all cases of joint shipments to or from points on that line.

4. Construction of Rates

Rates between points located in Texas Common Point Territory on the one hand and Texas Differential Territory on the other involve the combination basis; that is, the rates applicable for the haul in Common Point Territory are combined with those applying in Differential Territory.

To illustrate the construction of rates in Common Point and Differential territories and between them, in Table 6 are shown certain rates applying between Houston, Tex., and points on the Galveston, Harrisburg & San Antonio Railway, west of Houston to and including El Paso, Tex.

Stations	Rates in Cents per 1(					
	Classes[1]					
	1	2	3	4	5	A
	Less than Carloads					
Brandenburg	3	2	1	1	1	1
Aspermont	4	3	2	1	1	1
Gowdy	4	3	2	1	1	1
Alluvia	5	4	3	2	1	2
Oriana	6	5	4	3	2	3
Jayton	6	5	4	3	2	3
Girard	7	6	5	4	3	4
Sterley	8	7	6	5	4	5
Spur	8	7	6	5	4	5

[1] Governed by the Texas Classification.

4. Quanah, Acme & Pacific Railway: The line Acme & Pacific Railway west of Quanah shall differential territory, and the following differen be observed, under the rules governing the appli entials, for the distance west of Quanah on ship or from the points named below:

Stations	Rates in Cents per 1					
	Classes[1]					
	1	2	3	4	5	A
	Less than Carloads					
Lazare	3	2	1	1	1	1
Sommer	3	2	1	1	1	1
Baker	4	3	2	1	1	1
Swearingen	5	4	3	2	1	2
Paducah	6	5	4	3	2	3

[1] Governed by the Texas Classification.

5. Pecos Valley Southern Railway: Class rat shipments moving between points on the Pecos Railway and points on other lines in Texas sh employing, for the distance moved by the Pecos

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Houston. Beyond that point all stations are in Differential Territory.

The rates to the stations up to and including Dunlay, Tex., are in strict accordance with the rate basis set forth in Table 2, while to points in Differential Territory, i. e., west of Dunlay, if 252 miles are deducted from the figures shown in the left-hand column to obtain the distance from Common Point Territory. If the scale shown in Table 5 is added to the maximum common-point rate, it will be found that the rates are in conformity with the basis set forth for the construction of differential rates. At Sanderson, Tex., it will be observed that the maximum rate is reached, i. e., the combination of the highest rate permitted in Common Point Territory with the highest rate permitted in Differential Territory, and that from that point for 314 miles west the rate is blanketed to all intermediate stations.

At El Paso, Tex., owing to the fact that there is a more direct and consequently shorter route, the Galveston, Harrisburg & San Antonio Railway is compelled to meet the short-line rates, under the rule previously explained whereby when two points are served by more than one carrier, the rate applicable via the shortest route is to be met by the competing lines. This has no bearing on the rates to intermediate points and the carriers are permitted to exceed the short-line rates at intermediate points, as indicated in Table 6.

5. Commodity Rates

There are also quite a number of commodity rates established by the Railroad Commission of the state, which are applicable upon such traffic as cotton and cotton

seed products, grain and grain products, live stock, p
ing house products, vegetables and fruit (both fresh
canned), brick, clay, sand, stone, coal, and lignite;
a host of other rates covering practically all the mi
and agricultural products of the state.

Within the past two decades, Texas has made
strides in the development of her natural resources,
with the intensified farming methods now employe
may reasonably be anticipated that still greater vol
of products of the farm will be produced and exp
to other states.

The basis for the construction of rates on live st
representative of others. The notes, rules, and re
tions, and other requirements announced tend to
what a great effect the rates prescribed by the Rai
Commission of the State of Texas have exerted on i
state traffic destined to the Southwest.

Live Stock

Rates in cents per 100 pounds, to apply on shipments c
stock as specified, in carloads, transported by railroads be
points in Texas.

Section 1. Explanation

Columns headed No. 1 contain rates to apply on ship
transported over a single line of railroad or over two or
lines of railroad which are under the same managemen
control.

Columns headed No. 2 contain rates to apply on ship
transported over two or more lines of railroad which a
under the same management and control.

Table No. 1. Rates on Horses and Mules

Distances—Miles	Rates No. 1	Rates No. 2	Distances—Miles	Rates No. 1	Rates No. 2
10 and less	9	12	150 and over 125	18	22½
15 and over 10	10	13	175 and over 150	19	23¾
20 and over 15	10½	13½	200 and over 175	20	25
25 and over 20	11	14½	250 and over 200	21½	26¼
30 and over 25	11½	15	300 and over 250	23	27½
35 and over 30	12	15½	350 and over 300	24½	28¾
40 and over 35	12½	16	400 and over 350	26	30
45 and over 40	13	16½	450 and over 400	27½	31¼
50 and over 45	13½	17	500 and over 450	29	32½
60 and over 50	14	17½	550 and over 500	30½	33¾
70 and over 60	14	18¼	600 and over 550	32	35
80 and over 70	15	19	650 and over 600	33½	36¼
90 and over 80	15½	19½	700 and over 650	35	37½
100 and over 90	16	20	750 and over 700	36	38¾
125 and over 100	17	21¼	Over 750	37	40

Table No. 2.—Rates on hogs, sheep, goats, work oxen and beef cattle; it being understood that "beef cattle" are those shipped to market for slaughter, and not intended for further conditioning by regular feed or pasture.

Distances—Miles	Rates No. 1	Rates No. 2	Distances—Miles	Rates No. 1	Rates No. 2
10 and less	6	8½	150 and over 125	15	18¾
15 and over 10	6½	9	175 and over 150	16¼	20
20 and over 15	7	9½	200 and over 175	17½	21¼
25 and over 20	7½	10	250 and over 200	18¾	22½
30 and over 25	8	10½	300 and over 250	20	23¾
35 and over 30	8½	11¼	350 and over 300	21¼	25
40 and over 35	9	12	400 and over 350	22½	26
45 and over 40	9½	12½	450 and over 400	23¾	27
50 and over 45	10	13	500 and over 450	25	28
60 and over 50	10½	13½	550 and over 500	26¼	29
70 and over 60	11	14¼	600 and over 550	27½	30
80 and over 70	11½	15	650 and over 600	28¾	31
90 and over 80	12	15½	700 and over 650	30	32
100 and over 90	12½	16¼	750 and over 700	31¼	33
125 and over 100	13¾	17½	Over 750	32½	34

Table No. 3.—Rates on shipments of cattle, all kinds, except such as are subject to rates in Table No. 2; also on cow ponies shipped with and used for herding stock cattle, transported over

a single line of railroad or over two or more lines of rai
which are under the same management and control.

Distances—Miles	Rates	Distances—Miles
20 and less	5	320 and over 300
30 and over 20	5½	340 and over 320
40 and over 30	6	360 and over 340
50 and over 40	7	380 and over 360
60 and over 50	8	400 and over 380
80 and over 60	8½	425 and over 400
100 and over 80	9	450 and over 425
120 and over 100	10	475 and over 450
140 and over 120	10½	500 and over 475
160 and over 140	11	525 and over 500
180 and over 160	11½	550 and over 525
200 and over 180	12	600 and over 550
220 and over 200	12½	650 and over 600
240 and over 220	13	700 and over 650
260 and over 240	13½	750 and over 700
280 and over 260	14	800 and over 750
300 and over 280	14½	Over 800

Joint rates to apply on shipments of stock cattle and cow p
used in herding same, transported over two or more lin
railroad which are not under the same management and co
shall be made by adding two (2) cents per 100 pounds t
rates above prescribed for single line application.

Section 2. Minimum Weights

Subject to the provisions of the law of the State of
affecting the transportation of calves, goats, hogs and she
double-deck cars. Article 6555 and 6556, Revised Statu
Texas.

The minimum weight of shipments transported over rail
of standard gauge shall be in proportion to the internal le
of the cars employed, as indicated in the following tables:

1. For shipments of horses, mules, beef cattle and work
and for double-deck shipments of calves, goats, hogs and sh

Internal length of cars	Minimum weights, pounds	Internal length of cars	Minimum w pounds
31 feet and less	19,000	36½ feet and over 34	22,000
34 feet and over 31	20,500	40 feet and over 36½	24,500

2. For shipments of cattle, all kinds, except those provided for in Items 1 and 3 of this section; also on shipments of cow ponies provided for in Table No. 3, Section 1.

Internal length of cars	Minimum weights, pounds	Internal length of cars	Minimum weights, pounds
31 feet and less	18,000	36½ feet and over 34	20,000
34 feet and over 31 ..	19,000	40 feet and over 36½	21,000

3. For shipments of calves, goats, hogs and sheep, each sufficient in quantity to load only a single-deck car.

Internal length of cars	Minimum weights, pounds	Internal length of cars	Minimum weights, pounds
31 feet and less	15,000	36½ feet and over 34	16,000
34 feet and over 31 ..	15,500	40 feet and over 36½	16,500

4. Minimum weight on cars exceeding 40 feet in length shall be on the basis of 3 per cent of the 40-foot minimum for each foot or fraction thereof in excess of 40 feet.

Note.—The foregoing regulations shall not be construed as imposing upon railroad companies the obligation to furnish cars of specified dimensions.

The minimum weight of shipments transported over railroads of narrow gauge shall be as follows: For horses, mules, beef cattle, stock cattle, oxen and cows, and double-deck shipments of calves, goats, hogs and sheep, 20,000 pounds; for shipments of calves, goats, hogs and sheep, each sufficient to load only a single-deck car, 15,000 pounds per car.

Section 3. Transportation of Men in Charge

Men in charge of shipments of live stock, in carloads, when belonging to one consignor, shall be passed as follows:

1. Pass one man in charge of one car of live stock, except horses and mules, no return pass. Pass one man each way in charge of one car of horses and mules.

2. Pass one man each way in charge of two to five cars of live stock, all kinds.

3. Pass two men each way in charge of si
stock, all kinds.

4. Pass three men each way in charge of
of live stock, all kinds, which will be the m
men that will be passed with any shipment
one shipper in the same train.

5. The railway company at point of origi
pose of preventing the abuse of the privile
for, require of the shipper or his agent, a sw
effect that he, or his principal, is the real ow
offered, and that the number of men, for w
asked, are actually needed in order to proper

6. Return transportation for men in charg
ments shall be good only when presented
hours of date of issue and for continuous p
over, from the destination of the shipment to
and shall be limited to fifteen days from da
original shipping point.

7. Each railroad company shall use prope
the identification of parties entitled to free t
this section.

SECTION 4. APPLICATION OF

The rates and regulations of this tariff ap
live stock, as described, when transported in
or stable cars. When in palace stock cars t
charged the customary rental of the compani
in addition to the freight rates herein establis

A stable car is one having two gates whic
into three compartments, while palace cars
for each animal.

SECTION 5. EXCEPTIONS

1. The rate between Houston, Galveston a
tions on shipments of live stock subject to
5 cents per 100 pounds, with minimum cha

* * * * * * * *

5. Texas & Gulf Railway: Shipments of live stock from stations on the Texas & Gulf Railway, destined to Longview Junction, shall be subject to a switching charge of $2.50 per car, in addition to the local freight rates prescribed in this tariff, when such shipments are unloaded at the stock pens of the Texas & Pacific Railway at Longview Junction.

6. Weatherford, Mineral Wells & Northwestern Railway: Rates, in cents per 100 pounds, to apply as indicated in the table below:

Between— and	Fort Worth			Dallas		
	Horses and mules	Beef cattle, etc.	Stock cattle	Horses and mules	Beef cattle, etc.	Stock cattle
Lemley to Mineral Wells, inclusive	13	9½	7	15	11½	8½
Salesville and Oran	15	11½	8½	17	13¾	10
Graford	16	12½	9	18	15	10½

Rates to intermediate points not to be affected.

7. San Antonio & Aransas Pass Railway: Rates, in cents per 100 pounds:

Between San Antonio and—	Horses and mules	Beef cattle, oxen and cows	Stock cattle
Van Raub	6	5½	5
Boerne	7	6	5½
Waring	8½	7½	7
Comfort	8½	7½	7
Ganahl	9	8	7½
Kerrville	9	8	7½

8. International & Great Northern Railway and San Antonio & Aransas Pass Railway: Rate on beef cattle and calves, in carloads, from Rockdale to Galveston, 17½ cents per 100 pounds.

9. Texas Mexican Railway: Stock cattle, carloads, from Laredo to Bruni and intermediate points, when for grazing purposes, $7.50 per car.

* * * * * * * * * * *

12½. The Galveston, Harrisburg & San Antonio Railway N. Y., T. & M. and G., W. T. & P. Rys.) is authorized to st transit carload shipments of live stock, to load or unload, charge of $5.00 per car for the stop, in addition to the th rate from point of origin to destination on shipments origin at or destined to such points.

* * * * * * * * * *

14. Missouri, Kansas & Texas Railway of Texas: Beef in carloads, from Bartlett, Granger, Circleville, Taylor and land to Galveston, 17½ cents per 100 pounds.

* * * * * * * * * *

15. Gulf, Colorado & Santa Fe Railway: Live stock, car between Allen Farm and Rogers Ranch, $10.00 per car.

* * * * * * * * * *

27. Allowance for "Fill."—Missouri, Kansas & Texas Ra Company of Texas; Fort Worth & Denver City Railway; Colorado & Santa Fe Railway; International & Great Nor Railway; Fort Worth & Rio Grande Railway; St. Louis Francisco & Texas Railway Company; San Antonio & A Pass Railway; Texas & Pacific Railway; Trinity & Brazos Railway; Chicago, Rock Island & Gulf Railway; Galv Harrisburg & San Antonio Railway; Texas & New Orleans road; Houston & Texas Central Railroad; Houston East & Texas Railway; St. Louis Southwestern Railway of T Wichita Falls & Northwestern Railway of Texas; Wichita & Southern Railway; Pecos & Northern Texas Railway Southern Kansas Railway of Texas: Pending the establis of the necessary scales and other proper facilities at the Worth Stock Yards at North Fort Worth, Texas, for the ing, before or immediately after unloading, of live stock ments from points in Texas and delivered at such stock an allowance for "fill" will be made by the above named of railway, as follows:

Cattle and calves.....600 pounds p
Hogs in single-deck cars.....200 pounds p
Hogs in double-deck cars.....400 pounds p

The net weight so obtained to be subject to established and published minimum carload weights governing the transportation of live stock, and no allowance will be made on any other class of live stock.

* * * * * * * * * * *

6. Basis for the Construction of Rates on Live Stock

The following is the basis for rates authorized by the state commission for the construction of rates on shipments of live stock moving within the state of Texas:

* * * * * * * * * * *

36. Beef Cattle. Reconsigning from Market Points.—The privilege of the Fort Worth, Dallas, Houston, San Antonio and Amarillo markets will be allowed on shipments of beef cattle when consigned through or when consigned locally to the market points above named and reconsigned, thence to any of said points; provided, the initial and second movements are in direct line of transit; and provided further that the actual mileage traversed by the shipment is employed in determining the through rate, and that the shipment is reconsigned within 48 hours after reaching the first destination, except when Sunday or a legal holiday intervenes 72 hours will be allowed; and provided further that all shipments reconsigned from the market points named must be by authority of the line bringing the shipment into that point. In case of reconsignment all expense incidental to moving the shipments to and from private stock yards to be added to the through rate.

This arrangement to apply on shipments of beef cattle having origin and destination on the lines hereinafter named, or having origin or destination on connecting lines, the lines named herein being intermediate carriers:

Galveston, Harrisburg & San Antonio Railway; Texas & New Orleans Railroad; Houston & Texas Central Railroad; Wichita Valley Railway; Houston, East & West Texas Railway; Fort Worth & Denver City Railway; Pecos & Northern Texas Railway; Chicago, Rock Island & Gulf Railway; St. Louis, San

Francisco & Texas Railway; Southern Kansa
Fort Worth & Rio Grande Railway; Missou
Railway of Texas; International & Great
Gulf, Colorado & Santa Fe Railway; Trin
Railway; Texas & Pacific Railway; Gal
Henderson Railroad; Beaumont, Sour Lake
Orange & Northwestern Railroad; St. L
Mexico Railway; San Antonio & Aransas P

GENERAL RULES

1. Mixed Carloads.—A shipment compo
kinds of live stock, loaded in the same car
the rate prescribed for that kind of live st
car, which, in straight carloads, takes a l
balance of the shipment; provided, that a
this rule shall not exceed the aggregate of cl
portions of the shipment, at the rate applic
if shipped separately.

2. Dipping-in-Transit.—Shipments of liv
between points in Texas may be stopped-i
points designated by the State or Federal
purpose of dipping, at a charge of $5.00 p
the through rate applicable from origin to d

CHAPTER IV

ALL-RAIL INTERSTATE RATES TO AND FROM TEXAS

1. Development

The rates in effect from St. Louis to Texas Common Points for the past twenty-eight years are shown in the following:

Classes	1	2	3	4	5	A	B	C	D	E
1887	120	104	88	77	..	67	60	55	45	40
1888	120	104	88	77	63	67	60	55	45	40
1889	133	117	101	90	70	75	67	60	48	40
1891	133	117	102	92	72	76	67	57	46	39
1894	130	113	97	90	70	74	65	54	43	39
1903	137	121	104	96	75	79	70	58	46	39
1908	147	129	112	102	80	85	75	62	50	43
Present	147	125	104	96	75	79	70	58	46	39

The present scale (which, as may be observed, is the same as that which was in effect in 1903, except for the differences existing in the first-class and second-class rates) was prescribed by the Interstate Commerce Commission upon complaint of the Railroad Commission of Texas that the 1908 advance in rates was unreasonable, and became effective May 15, 1911.

In prescribing this scale of rates for the future, the Commission stated as follows:

The density of the traffic, the physical condition and financial strength of the carriers participating in the traffic from St. Louis to Denver differ materially from the conditions that are characteristic of the traffic from St. Louis to Texas and of the carriers participating in it. Under such circumstances comparisons often

lead to unsatisfactory conclusions. Nevertheless, with the knowledge acquired by the Commission in the case referre as well as in other cases, of the conditions that surroun Colorado traffic, we think that to a certain extent the Col rates furnish some guide as to what are proper class rat Texas common points.[1]

2. Rates to and From Defined Territories

(a) Grouping of Territory

The rates from St. Louis to Texas Common Point the base rates, or adjustment axis, on which the i state rates between points in Southwestern Tariff mittee Territory and points in defined territories are structed.

In much the same manner as in the Colorado and common point adjustment, but on a more comprehe scale,[2] adjoining territories are divided into groups the purpose of assigning relatively fair differential use in the construction of through rates from the va sections of the country.

These groups are designated and described as foll

Atlantic Seaboard Territory

Seaboard Territory includes all points east of the following des boundary line from Toronto, Ont., via the shore of Lake Ontari Hamilton to Niagara, Ont.; thence via the Niagara River includin banks of said river to Buffalo, N. Y.; thence via the Buffalo, Roche Pittsburgh Ry. to Salamanca, N. Y.; thence via the Erie R. R. to Fa Junction, N. Y.; thence via the Dunkirk, Allegheny Valley & Pitts R. R. to Warren and Struthers, Pa.; thence via the Western New & Pennsylvania R. R. to Oil City, Pa.; thence via the Allegheny to Franklin, Pa.; thence via an imaginary line immediately west

[1] 20 I. C. C. Rep., 463-485.

[2] See Map 13 of Atlas of Traffic Maps.

Allegheny River and east of Glenora, Pa., to Butler, Pa.; thence via the Pittsburgh & Wheeling R. R. to Allegheny, Pa.; thence to Pittsburgh, Pa., but exclusive of the following:

All points on Western Pennsylvania Division of Pennsylvania R. R., Allegheny to Erie. Pa., including Butler, Pa., and intermediate points.

Points on main line Pennsylvania R. R., Pittsburgh to Latrobe, Pa., inclusive.

Points on McKeesport Connection R. R. (Penna. Co.)

Points on Southwest Division Pennsylvania R. R., Greenburg to New Stanton, Pa., including points on main line Radebough Branch.

Points on Monongahela Division Pennsylvania R. R., Pittsburgh to Belle Vernon, Pa., inclusive.

Points on Turtle Creek Valley R. R.

Points on Allegheny Valley R. R., Pittsburgh to Ford City, Pa.

Points on Baltimore & Ohio R. R., Pittsburgh to West Newton, Pa., inclusive.

Points on Pittsburgh & Lake Erie R. R., Pittsburgh to West Newton, Pa., inclusive, and McKeesport to Belle Vernon, Pa., inclusive.

Thence from Pittsburgh, Pa., via the Baltimore & Ohio R. R., through Glenwood, and Washington, Pa., to Wheeling, W. Va. (but not including such points); thence south via an air line to Cannelton, W. Va.; thence via an air line from a point just south of Cannelton to a point just east of Bristol, Tenn.; thence to the Atlantic Ocean along the northern boundary line of Tennessee and North Carolina; and thence along the Atlantic Coast, including Port cities, to but not including Key West, Fla.

Alphabetical list of points in the foregoing described territory are shown in Territorial Directory No. 1 of Wm. J. Sedgman, Agent.

Carolina Territory

Carolina Territory includes that territory east of Macon and Nashville territories and south of Middlesborough Territory, west of an air line drawn due south from a point just south of Bristol, Tenn., except points on the Southern Ry. between Morristown and Paint Rock to a point east of Tryon, N. C., on the North Carolina-South Carolina state line; thence east on the North Carolina-South Carolina state line to Grover, N. C.; thence via the Southern Ry. to and including Charlotte, N. C.; and thence on and south of the Seaboard Air Line to but not including Wilmington, N. C.

Carolina Territory does not include Atlantic Coast points in Seaboard Territory.

Chicago-Cincinnati Territory

Beginning at Chicago, Ill.; and thence via the Chicago & North-Western Ry. to Des Plaines, Ill.; thence via Minneapolis, St. Paul &

Sault Ste. Marie Ry. to Franklin Park, Ill.; thence via the Chicago, Milwaukee & St. Paul Ry. to Elgin, Ill. (including Carpentersville and Dundee, Ill., on the Chicago & North-Western Ry. near Elgin); thence via the Chicago, Milwaukee & St. Paul Ry. to Almora, Ill.; thence via the Chicago & North-Western Ry. through Belvidere and Rockford, Ill., to Freeport, Ill.; thence via the Illinois Central R. R. to Portage, Ill.; thence via the Chicago & North-Western Ry. to but not including Council Bluffs, Sumner, Clarion, Fort Dodge, and Lohrville, Iowa, to Carroll, Iowa; thence via the Chicago & North-Western Ry. to but not including Council Bluffs, Iowa; thence north of the main line of the Chicago, Rock Island & Pacific Ry. to a point just north of Davenport, Iowa, Rock Island, and Moline, Ill.; thence just north and east of the Chicago, Burlington & Quincy R. R. (lines east of the Missouri River) east of Moline, Barstow, Rio, Galesburg, Bushnell, and Vermont, Ill. (except points on the Chicago, Burlington & Quincy R. R., Vermont to Canton, Ill., inclusive), to a point just north and east of Roodhouse, Ill.; thence east of the Chicago & Alton R. R. to a point east of White Hall, Ill.; thence east of the Chicago, Burlington & Quincy R. R. (lines east of the Missouri River) to a point east of Alton, Ill.; thence east of the Cleveland, Cincinnati Chicago & St. Louis Ry. and Illinois Terminal R. R. to a point just east of Edwardsville; thence east of the Toledo, St. Louis & Western Ry. to a point just east of East St. Louis, Ill.; thence north of the Baltimore & Ohio Southwestern R. R. north of Salem and Olney, Ill., Vincennes, Seymour (but not including Rockford, Ind.), and North Vernon, Ind., and east of the Baltimore & Ohio Southwestern R. R. to a point just north and east of Louisville, Ky.; thence north of the Lexington branch of the Louisville & Nashville R. R. via La Grange, Ky., to a point just north and east of Lexington, Ky.; thence via the Louisville & Nashville R. R. through Paris and Cynthiana, including Newport and Dayton, Ky.; thence to and including Cincinnati, Ohio; thence on and west of the Pittsburgh Cincinnati, Chicago & St. Louis Ry. through Hamilton and Eaton, Ohio and Richmond, Ind.; thence via the Grand Rapids & Indiana R. R. to Ridgeville, Ind.; thence via the Pittsburg, Cincinnati, Chicago & St. Louis Ry., through Hartford City, Marion, Bunker Hill, Logansport, and La Crosse, Ind., to Kouts, Ind.; thence via the Chicago & Erie R. R. to Hammond, Ind., including Whiting, Ind., on Texas and Mexican business, and Indiana Harbor, Grasselli, and East Chicago, Ind., on Texas business; thence east of the Indiana-Illinois State Line to Lake Michigan; and thence along the shore of Lake Michigan to Chicago, Ill.

NOTE.—The term "Chicago Territory," as used in the Agency Tariffs is understood to include that portion of Chicago-Cincinnati Territory lying west of the Illinois-Indiana State Line.

DAYTON-SOUTH BEND TERRITORY

Beginning at a point just east of Chicago, Ill., and thence along the shore of Lake Michigan to a point just east of the Indiana-Illinois State

Line; thence east of the eastern boundary of Chicago-Cincinnati Territory to but not including Hammond, Ind.; thence east of but not including the Chicago & Erie R. R. to Kouts, Ind., but not including Indiana Harbor, Grasselli, and East Chicago on Texas business, or Whiting, Ind., on Texas or Mexican traffic; thence east of but not including the Pittsburgh, Cincinnati, Chicago & St. Louis Ry., east of LaCrosse, Logansport, Bunker Hill, Marion, and Hartford City to Ridgeville, Ind.; thence via the Grand Rapids & Indiana R. R. to Richmond, Ind.; thence via the Pittsburgh, Cincinnati, Chicago & St. Louis Ry., through Eaton and Hamilton, Ohio, to a point on the Ohio River just east of Cincinnati, Ohio; thence via the Chesapeake & Ohio Ry., from a point just east of Newport, Ky., to and including Portsmouth, Ohio; thence on and west of the following line:

Via the Norfolk & Western Ry., through Waverly to Chillicothe, Ohio; thence via the Cincinnati, Hamilton & Dayton Ry. to Washington, Ohio; thence via the Detroit, Toledo & Ironton R. R. to Springfield, Ohio; thence via the Cleveland, Cincinnati, Chicago & St. Louis Ry., through Urbana and Bellefontaine, to Kenton, Ohio; thence via the Chicago & Erie R. R. to Lima, Ohio; thence via the Pittsburgh, Fort Wayne & Chicago Ry., through Delphos to Van Wert, Ohio; thence via the Cincinnati Northern R. R. to Latty, Ohio; thence via the New York, Chicago & St. Louis R. R. to Fort Wayne, Ind.; thence via the Lake Shore & Michigan Southern Ry. to Auburn Junction, Ind., including Auburn, Ind.; thence via the Baltimore & Ohio R. R. to Avilla, Ind.; thence via the Grand Rapids & Indiana R. R. to Kendallville, Ind.; thence via the Lake Shore & Michigan Southern Ry. to Goshen, Ind.; thence via the Cleveland, Cincinnati, Chicago & St. Louis Ry. through Elkhart and Granger, Ind., to Niles, Mich.; thence via the Michigan Central R. R. to Lake Michigan at New Buffalo, Mich.; and thence via the south shore of Lake Michigan to a point just east of Chicago, Ill.

Detroit-Cleveland Territory

That territory beginning at a point just north of New Buffalo, Mich., and thence north and east of the following line: North of the Michigan Central R. R. to a point just north and east of Niles, Mich.; thence north and east of the Cleveland, Cincinnati, Chicago & St. Louis Ry., east of Granger and Elkhart, Ind., to a point just east of Goshen, Ind.; thence via the Lake Shore & Michigan Southern Ry. to a point just north and east of Kendallville, Ind.; thence east of the Grand Rapids & Indiana R. R. to a point just east and north of Avilla, Ind.; thence north of the Baltimore & Ohio R. R. to a point just north and east of Auburn Junction, Ind. (except Auburn, Ind., which is in Dayton-South Bend Territory); thence east of the Lake Shore & Michigan Southern Ry. to a point just north and east of Fort Wayne, Ind.; thence north of the New York, Chicago & St. Louis Ry. to a point just north and east of Latty,

Ohio; thence east of the Cincinnati Northern Ry. (
and east of Van Wert, Ohio; thence north of the P
& Chicago Ry., east of Delphos, to a point just n
thence north of the Chicago & Erie R. R. to a poin
of Kenton, Ohio; thence east of the Cleveland, Cinc
Louis Ry., east of Bellefontaine and Urbana, Ohio,
of Springfield, Ohio; thence east of the Ohio South
just east of Washington, Ohio; thence east of the Ci
Dayton Ry. to a point east of Chillicothe, Ohio; th
folk & Western Ry., east of Waverly, Ohio, to a poi
mouth, Ohio; thence on and north of the Chesapeak
including Ashland, Ky.; thence north of the nort
River to and including Pomeroy, Ohio; thence on a
the following line: From Pomeroy via the Toledo
through Athens, to New Lexington, Ohio; thence
Muskingum Valley R. R. to Zanesville, Ohio; thenc
Lake Erie R. R. to Coshocton, Ohio; thence via the P
Chicago & St. Louis Ry., through New Comerstown,
thence via the Cleveland, Lorain & Wheeling Ry. t
thence via the Pennsylvania Company to Valley Ju
via the Baltimore & Ohio R. R. to Canton, Ohio;
sylvania Company, through Alliance and Ravenna, t
Wheeling & Lake Erie R. R. just north of Earlvi
the Wheeling & Lake Erie R. R. to Bedford, Ohio;
sylvania Company, through Newburg and Woodland
Ohio, including Collinwood, Ohio; thence via the s
of Lake Erie and the Detroit River to Detroit, M
west shore of Lake St. Clair and the St. Clair R
Mich.; thence via the line of the Pere Marquette R
Vassar; thence north along the line of the Mich
through Reese, to Bay City; thence south on the Mi
Grand Trunk and Pere Marquette R. R. to Saginav
the Pere Marquette R. R. to Edmore; thence sou
Sheridan; thence via the Grand Trunk Ry. to M
thence via the eastern shore of Lake Michigan to
New Buffalo, Mich.

Fox River Territory

Fox River Territory includes all points north
Chicago territories (see note under Chicago-Cincinn
on and south of the following lines:

Beginning at Sturgeon Bay, Wis., and thence
Western Ry. and the Kewaunee, Green Bay & We
Bay, Wis.; thence via the Green Bay & Western R
Wis.; thence via the Chicago & North-Western Ry. to

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field, Wis. (including Chicago & North-Western Ry. stations, Antigo, Wis., and south, and Chicago, Milwaukee & St. Paul Ry. stations, Merrill, Wis., and south); thence via the Minneapolis, St. Paul & Sault Ste. Marie Ry. to Chippewa Falls, including Athens, Wis., on the Abbottsford & Northeastern R. R.; thence via the Minneapolis, St. Paul & Sault Ste. Marie Ry. to Stillwater, Minn.; thence via the Chicago, St. Paul, Minneapolis & Omaha Ry., through St. Paul to Minneapolis, Minn.; thence via the Minneapolis & St. Louis R. R., through Chaska to Merriam Junction, Minn.; thence via the Chicago, St. Paul, Minneapolis & Omaha Ry., through St. Peter, Mankato, Prairie Junction, and Sioux Falls Junction, Minn., Sibley, Sheldon, Alton, and LeMars, to Sioux City, Iowa; and thence via the Chicago & North-Western Ry., through Onawa and California Junction, Iowa, to a point just west of Missouri Valley, Iowa.

Kansas City Territory

Points in Missouri south of the Missouri River on and west of the line of the Missouri Pacific Ry., Boonville to Versailles, Mo., inclusive; thence south along S. W. & S. W. division of the Missouri Pacific Ry. and including Warsaw, Mo.; thence via an imaginary line south of Warsaw, Mo., to and including Clinton, Mo.; thence via the St. Louis & San Francisco R. R. to Lowry City; thence via the Kansas City, Clinton & Springfield Ry. to Osceola; thence via the St. Louis & San Francisco R. R. to Springfield; thence via the St. Louis & San Francisco R. R. (southern division, main line) to the Arkansas State Line; also stations between Kansas City and St. Joseph on the St. Joseph & Grand Island Ry., and between Kansas City and Beverly, Mo., on the Chicago, Burlington & Quincy Ry. (Missouri district) and the Chicago Great Western Ry.; thence from Beverly via the Chicago, Rock Island & Pacific Ry., through Edgerton Junction, to Dearborn, Mo.; thence via the Chicago Great Western Ry. to and including St. Joseph, Mo.; thence on and east of the Chicago, Rock Island & Pacific Ry., through Horton and Holton, Kan., to Topeka, Kan.; thence on and south of the main line of the Union Pacific R. R., through Manhattan, Abilene, and Salina, to and including Ellsworth, Kan.; thence via the St. Louis & San Francisco R. R. to and including Frederic, Kan.; thence east of the First Guide Meridian west, on and east of a line due south, just west of Dacy, Lyons, Sterling, Abbyville, Langdon, Kingman, and Spivy, to Attica, Kan.; and thence via the Atchison, Topeka & Santa Fe Ry. to Kiowa, Kan.

Kansas City rates will also apply between the following points and Texas points:

Points on the St. Louis & San Francisco R. R., Blackwell Extension, including Cale, Middleton, Peckham, and Blackwell, Okla.

Points on the Missouri Pacific Ry. in Oklahoma, Wagoner, Okla., and north.

Points on the Santa Fe System, viz.: Except as otherwis vided in Texas Tariff Series 26, Series of Agent Leland, K City rates will apply between Texas points on the one han Santa Fe System stations in Oklahoma and Denver, Enid & R. R. on the other, unless the Kansas City through rate is minal one.

Kansas Groups

GROUP NO. 1

From points in Kansas east of the "First Guide Meridian west, of Omaha-Davenport Territory, and south of the boundary line b Kansas and Nebraska.

GROUP NO. 2

From points in Kansas west of the "First Guide Meridian east of the 100th Meridian, and south of the boundary line b Kansas and Nebraska.

GROUP NO. 3

From points in Kansas west of the 100th Meridian.

Little Rock-Ft. Smith Territory

Commencing at Grant, Okla., on the St. Louis & San Francisco thence via that line to and including Poteau, Okla.; thence v Kansas City Southern Ry. to Westville, Okla. (including points St. Louis & San Francisco R. R. west of Westville, Okla., to Mu Okla., inclusive); thence via the Kansas City Southern Ry. to Springs, Ark.; thence on a direct line to and including Fayette, thence via the St. Louis & San Francisco R. R. to Ft. Smith, Ark.; via the St. Louis, Iron Mountain & Southern Ry. to Argenta, thence via the St. Louis Southwestern Ry., from Little Rock, Ar Altheimer, Ark., to Texarkana, Ark., including the Shreveport of that line (except Shreveport Junction, Valley Junction, and City, Ark.); also including the Camden branch of the St. Louis Mountain & Southern Ry., Camden to Eldorado, Ark., inclusive; via the eastern state line of Texas to the Red River; and thence v river to the place of beginning.

EXCEPTIONS

(a) A. T. & S. F. Ry.

Rates named above do not apply in connection with the At Topeka & Santa Fe Ry.

(b) Rock Island Lines

Rates to or from points on the Hot Springs branch, Hot Springs to Cove Creek, Ark., inclusive, are made on combination of locals through Butterfield, Ark.

(c) Mo. Pac. Ry.

Rates from points on the Ultima Thule, Arkadelphia & Mississippi Ry. are made sum of locals via Smithton, Ark.

Little Rock-Ft. Smith rates do not apply from points on the Greenwood Branch of the St. Louis, Iron Mountain & Southern Ry.; Memphis rates govern.

Little Rock rates apply to competitive points only on the Missouri, Kansas & Texas Ry., of Texas.

Little Rock-Ft. Smith rates apply from St. Louis, Iron Mountain & Southern Ry. points in Oklahoma, Sallisaw, Okla., and south.

Memphis rates apply in connection with the Missouri, Kansas & Texas Ry. (except to competitive points on the Missouri, Kansas & Texas Ry., of Texas), from Little Rock-Ft. Smith Territory.

Memphis rates apply from points on the St. Louis, Iron Mountain & Southern Ry. located in Little Rock-Ft. Smith Territory to local points on the Galveston, Harrisburg & San Antonio Ry., the Texas & New Orleans R. R., and the Houston & Texas Central R. R.

(d) St. L. & S. F. R. R.

Little Rock-Ft. Smith rates apply via the St. Louis & San Francisco R. R. from points on that line *only*.

Memphis rates apply from points on the St. Louis & San Francisco R. R. in Little Rock-Ft. Smith Territory to Texas points on the Galveston, Harrisburg & San Antonio Ry. and the Texas & New Orleans R. R.

Combination of locals through Paris, Tex., applies as maxima from points in Oklahoma, via the St. Louis & San Francisco R. R.

(e) St. L. & S. W. Ry.

Little Rock-Ft. Smith rates apply from all points on the St. Louis Southwestern Ry. in Little Rock-Ft. Smith Territory.

Memphis rates apply from points on the St. Louis Southwestern Ry. in Little Rock-Ft. Smith Territory, in connection with the Galveston, Harrisburg & San Antonio Ry., the Texas & New Orleans R. R., and the Houston & Texas Central R. R.

Little Rock-Ft. Smith basis of rates applies between Hope, Ark., and Texas points, in connection with the Louisiana & Arkansas R. R., via Stamps, Ark.

Louisville Territory

Beginning at Louisville, Ky., and thence via the Baltimore & Ohio Southwestern R. R. and North Vernon, Ind., to Seymour, Ind.; thence

north via the Pittsburgh, Cincinnati, Chicago &
including Rockford, Ind.; thence from Seymour, I
& Ohio Southwestern R. R., to but not includin
thence via a line just east of the Illinois Central R
ing DuQuoin, Ill.; thence east of the Illinois Ce
including Carbondale, Ill.; thence north and east
R. R. to a point just north and east of Paducah, K
Nashville, Chattanooga & St. Louis Ry. to a point
Tennessee state line; thence east, just north of sa
just north and east of Isham, Tenn.; thence via
Route to and including Lexington, Ky., and the
branch of the Louisville & Nashville R. R., Lexin
La Grange, Ky.

Macon Territory

Macon Territory is the territory east of the
of Nashville Territory (including Columbia, Ala.)
Georgia state line and the western state line of
not including any Atlantic Coast point from whi
rates now apply; from the Atlantic Coast along the
line to the Apalachicola River.

Memphis Territory

Memphis class rates apply between points e
River located on and west of the Illinois Centra
Grenada, to but not including New Orleans, exce
in connection with the Illinois Central R. R. Sy
stations on the Illinois Central R. R. and the Yazo
R. R. south of Memphis, including all branch-li
Aberdeen branch. Further:

Current southbound Memphis class rates apply
from points in Texas on the Texas & Pacific Ry. to
& Mississippi Valley R. R., intermediate betwee
Orleans.

Current southbound Memphis class rates apply
from points in Texas on the Missouri, Kansas &
stations on the Yazoo & Mississippi Valley R. R.,
Memphis and New Orleans when routed via the V
Pacific Ry. and Vicksburg, Miss.

Current southbound Memphis class rates apply
from points on the Galveston, Harrisburg & San A
& New Orleans R. R., the Houston & Texas C
Houston, East & West Texas Ry.

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EXCEPTIONS

(a) Chicago, Rock Island & Pacific Ry.

Choctaw District

Stations on the White & Black River Valley Ry. Division, Brinkley, Ark., to Martin, Ark., inclusive.

Memphis rates apply from points on the Chicago, Rock Island & Pacific Ry. (Choctaw District) east of Little Rock, Ark., via the Missouri, Kansas & Texas Ry., to the points in Texas on Missouri, Kansas & Texas Ry. of Texas, San Antonio & Aransas Pass Ry., Texas Midland R. R., Galveston, Harrisburg & San Antonio Ry., Texas & New Orleans R. R., Houston & Texas Central R. R., Ft. Worth & Denver City Ry., Texas Central R. R., Ft. Worth & Rio Grande Ry., Gulf, Colorado & Santa Fe Ry. (Beaumont Line), and Texas Mexican Ry.

Memphis rates apply on potatoes, carloads, from points on the Chicago, Rock Island & Pacific Ry. (Choctaw District), between Memphis, Tenn., and Little Rock, Ark., to Texas points via the Missouri Pacific Ry. and the St. Louis Southwestern Ry.

SPECIAL NOTICE.—Rates to Texas points from stations on the Chicago, Rock Island & Pacific Ry. (Choctaw District), when routed via the St. Louis Southwestern Ry. or the St. Louis, Iron Mountain & Southern Ry. (except potatoes, as provided above), are based on locals through junction points. The rates to and from stations on the Arkansas Midland R. R. are based on the Memphis rates plus the rates between stations on said line and point of junction with the St. Louis, Iron Mountain & Southern Ry. The rates to and from stations on the Searcy & West Point R. R. are based on the Memphis rates plus the rates between stations on said line and Kensett, Ark., on the St. Louis, Iron Mountain & Southern Ry.

(b) St. Louis, Iron Mountain & Southern Ry.

(New Orleans & Northwestern Ry.)

The Missouri Pacific Ry. applies Memphis, Tenn., rates from points as described below:

On classes between Natchez, Miss., and all other points on the New Orleans & Northwestern Ry. on the one hand and points on the Texas & Pacific Ry. and International & Great Northern R. R. on the other hand.

On commodities from Natchez, Miss., and all other stations on the New Orleans Northwestern Ry. to points on the Texas & Pacific Ry. and International & Great Northern R. R.

Above apply via the Houston & Shreveport R. R. to points on the Houston, East & West Texas Ry., including Galveston, via the Galveston, Houston & Henderson R. R.

north via the Pittsburgh, Cincinnati, Chicago &
including Rockford, Ind.; thence from Seymour, I
& Ohio Southwestern R. R., to but not includin
thence via a line just east of the Illinois Central R
ing DuQuoin, Ill.; thence east of the Illinois Cen
including Carbondale, Ill.; thence north and east
R. R. to a point just north and east of Paducah, K
Nashville, Chattanooga & St. Louis Ry. to a point
Tennessee state line; thence east, just north of sai
just north and east of Isham, Tenn.; thence via
Route to and including Lexington, Ky., and the
branch of the Louisville & Nashville R. R., Lexin
La Grange, Ky.

Macon Territory

Macon Territory is the territory east of the
of Nashville Territory (including Columbia, Ala.)
Georgia state line and the western state line of
not including any Atlantic Coast point from whi
rates now apply; from the Atlantic Coast along th
line to the Apalachicola River.

Memphis Territory

Memphis class rates apply between points e
River located on and west of the Illinois Centra
Grenada, to but not including New Orleans, exce
in connection with the Illinois Central R. R. Sy
stations on the Illinois Central R. R. and the Yazo
R. R. south of Memphis, including all branch-li
Aberdeen branch. Further:

Current southbound Memphis class rates apply
from points in Texas on the Texas & Pacific Ry. to
& Mississippi Valley R. R., intermediate betwee
Orleans.

Current southbound Memphis class rates apply
from points in Texas on the Missouri, Kansas &
stations on the Yazoo & Mississippi Valley R. R.,
Memphis and New Orleans when routed via the V
Pacific Ry. and Vicksburg, Miss.

Current southbound Memphis class rates apply
from points on the Galveston, Harrisburg & San A
& New Orleans R. R., the Houston & Texas C
Houston, East & West Texas Ry.

STANFORD LIBRARIES

EXCEPTIONS

(a) Chicago, Rock Island & Pacific Ry.

Choctaw District

Stations on the White & Black River Valley Ry. Division, Brinkley, Ark., to Martin, Ark., inclusive.

Memphis rates apply from points on the Chicago, Rock Island & Pacific Ry. (Choctaw District) east of Little Rock, Ark., via the Missouri, Kansas & Texas Ry., to the points in Texas on Missouri, Kansas & Texas Ry. of Texas, San Antonio & Aransas Pass Ry., Texas Midland R. R., Galveston, Harrisburg & San Antonio Ry., Texas & New Orleans R. R., Houston & Texas Central R. R., Ft. Worth & Denver City Ry., Texas Central R. R., Ft. Worth & Rio Grande Ry., Gulf, Colorado & Santa Fe Ry. (Beaumont Line), and Texas Mexican Ry.

Memphis rates apply on potatoes, carloads, from points on the Chicago, Rock Island & Pacific Ry. (Choctaw District), between Memphis, Tenn., and Little Rock, Ark., to Texas points via the Missouri Pacific Ry. and the St. Louis Southwestern Ry.

SPECIAL NOTICE.—Rates to Texas points from stations on the Chicago, Rock Island & Pacific Ry. (Choctaw District), when routed via the St. Louis Southwestern Ry. or the St. Louis, Iron Mountain & Southern Ry. (except potatoes, as provided above), are based on locals through junction points. The rates to and from stations on the Arkansas Midland R. R. are based on the Memphis rates plus the rates between stations on said line and point of junction with the St. Louis, Iron Mountain & Southern Ry. The rates to and from stations on the Searcy & West Point R. R. are based on the Memphis rates plus the rates between stations on said line and Kensett, Ark., on the St. Louis, Iron Mountain & Southern Ry.

(b) St. Louis, Iron Mountain & Southern Ry.

(New Orleans & Northwestern Ry.)

The Missouri Pacific Ry. applies Memphis, Tenn., rates from points as described below:

On classes between Natchez, Miss., and all other points on the New Orleans & Northwestern Ry. on the one hand and points on the Texas & Pacific Ry. and International & Great Northern R. R. on the other hand.

On commodities from Natchez, Miss., and all other stations on the New Orleans Northwestern Ry. to points on the Texas & Pacific Ry. and International & Great Northern R. R.

Above apply via the Houston & Shreveport R. R. to points on the Houston, East & West Texas Ry., including Galveston, via the Galveston, Houston & Henderson R. R.

to Superior; thence via the Kansas-Nebraska state
south of Falls City, Neb., on the Missouri Pacific
Missouri Pacific Ry. to a point just north of Pi
thence east to the Missouri River to a point oppo
north of the Chicago, Rock Island & Pacific Ry.; an
Louis and Kansas City territories to a point just no

PITTSBURGH TERRITORY

That territory beginning at Point Edward, Ont.
south of the Grand Trunk Ry., main line, Sarnia t
London, Ont.; thence via the Niagara River, incl
said river to Buffalo, N. Y.; thence via the Buffal
burgh Ry. to Salamanca, N. Y.; thence via the Er
Junction, N. Y.; thence via the Dunkirk, Allegheny
R. R., to Warren, Pa.; thence via the Western New
R. R. to Oil City, Pa.; thence via the Allegheny Ri
thence via an imaginary line immediately west of
and east of Glenora, Pa., to Butler, Pa.; thence
Ohio R. R. to Allegheny, Pa.; thence to Pittsburgl
all Pittsburgh points as follows:

All points on West Pennsylvania Division, Penn
gheny to Erie, Pa., including Butler, Pa., and inte

Points on main line, Pennsylvania R. R., Pittsb
inclusive.

Points on McKeesport Connecting R. R. (Pennsy

Points on Southwest Division, Pennsylvania R
New Stanton, Pa., including points on main line Ra

Points on Monongahela Division, Pennsylvania
Belle Vernon, Pa., inclusive.

Points on Turtle Creek Valley R. R.

Points on Allegheny Valley R. R., Pittsburgh to

Points on Baltimore & Ohio R. R., Pittsburgh t
inclusive.

Points on Pittsburgh & Lake Erie R. R., Pittsbu
Pa., inclusive, and McKeesport to Belle Vernon, Pa.

Thence via the Baltimore & Ohio R. R., through
ington, Pa., to Wheeling, W. Va.; thence south via a
ton, W. Va.; thence via the Chesapeake & Ohio R. R
of Ashland, Ky.; thence following the south bank
a point opposite Pomeroy, Ohio; thence north, ju
Ohio, and the Toledo & Ohio Central Ry., east of At
east of New Lexington, Ohio; thence east of the Cin
Valley Ry. to a point just east of Zanesville, Ohio
Wheeling & Lake Erie R. R. to a point just east
thence east, just south of the Pittsburgh, Cincinnati,

STANFORD LIBRARIES

R. R., south of New Comerstown, to a point just south and east of Uhrichsville, Ohio; thence north, just east of the Cleveland, Lorain & Wheeling Ry. to a point just east of Canal Dover, Ohio; thence east of the Pennsylvania Co. to a point just south and east of Valley Junction, Ohio; thence north, just east of the Cleveland Terminal & Valley R. R., to a point just east of Canton, Ohio; thence east of the Pennsylvania Co., east of Alliance and Ravenna to a point just east of a junction with the Wheeling & Lake Erie R. R. north of Earlville, Ohio; thence east of the Wheeling & Lake Erie R. R. to a point east of Bedford, Ohio; thence east of the Pennsylvania Co., east of Newburgh and Woodland, to a point just north and east of Cleveland, Ohio, but not including Collinwood, Ohio; thence via but not including the south and west shores of Lake Erie and the Detroit River to a point just east of Detroit, Mich.; thence via but not including the west shore of Lake St. Clair and the St. Clair River to and including Point Edward, Ont.

Raleigh Territory

Raleigh Territory includes points north and east of Carolina and Middlesborough territories and south of the Virginia-West Virginia and Virginia-Maryland state lines, except Atlantic Coast cities.

St. Louis Territory

Beginning at Cairo, Ill. (including Mound City, Ill., and also including Joppa, Ill., on Texas traffic); thence via the Illinois Central R. R., through DuQuoin and Belleville, to East St. Louis, Ill.; thence along the line of the Toledo, St. Louis & Western R. R., through Glen Carbon, Ill., to Edwardsville, Ill.; thence along the line of the Illinois Terminal R. R. and Cleveland, Cincinnati, Chicago & St. Louis Ry., through Edwardsville Crossing, Ill., to Alton, Ill.; thence along the Chicago, Burlington & Quincy R. R. (lines east of the Missouri River) to Whitehall, Ill.; thence along the Chicago & Alton R. R., through Roodhouse to Louisiana, Mo.; thence along the Chicago, Burlington & Quincy R. R. (Missouri District) to Cameron, Mo.; thence via the Chicago, Rock Island & Pacific Ry., via Altamont, to but not including St. Joseph, Mo.; thence east of the Chicago Great Western Ry. to a point east of Dearborn, Mo.; thence east of the Chicago, Rock Island & Pacific Ry., and east of Edgerton Junction to a point east of Beverly; thence east of the Chicago Great Western Ry. and Chicago, Burlington & Quincy R. R. (Missouri District) to a point opposite Kansas City, Mo. (except points on the St. Joseph & Grand Island Ry. between St. Joseph and Kansas City); thence via the north bank of the Missouri River to a point opposite Boonville, Mo.; thence east of the Missouri Pacific Ry. to a point east of Versailles, Mo.; thence via an imaginary line south of but not including Warsaw, Mo., due west to a point east of Clinton, Mo.; thence east of the St.

Louis & San Francisco R. R. to a point just east of Lowry City, Mo.; thence east of the Kansas City, Clinton & Springfield Ry. to a point just east of Osceola, Mo.; thence east of the St. Louis & San Francisco R. R. to a point just north of Springfield, Mo.; thence north and east of the St. Louis & San Francisco R. R. (southern division, main line) to a point on the Mississippi River just north of Memphis, Tenn., including main line, St. Louis, Iron Mountain & Southern Ry., Lindsay, Ark., to but not including Bald Knob, Ark.; all points in Arkansas on the White River branch of the St. Louis, Iron Mountain & Southern Ry., and the Helena branch of the St. Louis, Iron Mountain & Southern Ry., Vanndale, Ark., and north; thence south, just east of the Illinois Central R. R., to a point just east of New Orleans, La.; thence via the Gulf Coast to Mobile, Ala.; thence north via the Mobile & Ohio R. R. (main line) to Jackson, Tenn.; and thence via the Illinois Central R. R. to and including Cairo, Ill.

Application of Rates from Nashville, Carolina & Macon Territories

(1) Through rates based on Nashville differentials also apply from points in following territory: Beginning at a point just east of Milan, Tenn., and thence north, just east of the line of the Illinois Central R. R., to a point just east of Carbondale, Ill.; thence south via and including the Paducah branch of the Illinois Central R. R. to Paducah, Ky.; thence via and including the Nashville, Chattanooga & St. Louis Ry. to a point just north of Paris, Tenn.; and thence north of the Louisville & Nashville R. R. to a point just east of Milan, Tenn.

(2) Through rates based on differentials from Nashville, Macon, and Carolina territories apply only from points in their respective territories on the following lines:

Atlanta & West Point R. R., junction points only, including Grantville and Palmetto, Ga.; also on saddlery and horse collars from Fairburn, Ga., and cotton piece goods to Texas points from Hoganville, Ga.

Atlantic Coast Line Railroad Co., Gibson, N. C., Bennettsville, Camden, Cheraw, Clear Water, Clinton, Clio, Columbia, Darlington, Dillon, Goldville, Hamer, Hartsville, McColl, Marion, Orangeburg, and Prosperity, S. C.; on syrup from local and junction points in Georgia four cents per 100 pounds higher than Macon Territory rates.

Blue Ridge Ry.

Central of Georgia Ry. and Controlled Lines (except East Alabama R. R. and Columbus & Rome R. R.), except on syrup from interior points in Georgia east of Columbus (not including Macon) to Texas points the rate will be four cents per 100 pounds higher than Macon Territory rates.

Charleston & Western Carolina Ry.

Chattanooga Southern R. R.

Columbia, Newberry & Laurens R. R.

Georgia, Carolina & Northern Ry., in South Carolina and Georgia, junction points only.

Georgia R. R., including Gainesville, Jefferson, and Southern & Union Point & White Plains branches.

Georgia Southern & Florida Ry.

Illinois Central R. R., east of Fulton, Ky.

*Louisville & Nashville R. R., junction points (except Prattville, Ala., and Bells, Tenn.) only; also on whiskey, in wood in glass, packed in cases, any quantity, from Greenbrier, Columbia, and Lynnville, Tenn., Crab Orchard, Gilbert, Haden, Lancaster, and Silver Creek, Ky., and on potatoes, carloads, from Columbia, Tenn. On marble from Ball Ground, Canton, Nelson, Holly Springs, and Tate, Ga., rates are two and one-half cents higher than Macon rates, except that rates on marble and stone to Houston and Galveston, Tex., and points taking same rates, rates are three and one-half cents per 100 pounds higher than Marietta rates.

Macon & Birmingham Ry.

Mobile & Ohio R. R., points on Montgomery branch, except Prattville, Ala.

*Nashville, Chattanooga & St. Louis Ry., junction points, and Bridgeport and Guntersville, only; also on brass castings, plow singletrees, and handles, carloads and less carloads, from Sequatchie, Tenn.; on buggy bodies and gears from Normandy, Tenn.,; on cotton factory products, all-woolen jeans, casinetts, linseys, yarns, blankets, plants and overalls from Beans Creek, Shelbyville, Flintville, Rock Island, McMinnville, and Doyle, Tenn.; on handles from Jasper, Tenn.; on cotton rope from Graham, Tenn.; on potateos, carloads, from Columbia, Tenn.;

*From points on the Louisville & Nashville R. R. and the Nashville, Chattanooga & St. Louis Ry. (situated similar to Clarksville, Tenn.), from which other transportation is available, i. e., water or other rail lines, through rates are made on a differential basis.

Plant System, viz.: Albany, Jessup, Tifton, and Valdosta, Ga., Queen & Crescent Route.

St. Louis & San Francisco R. R. (Southern Division, Tupelo and Birmingham districts).

Seaboard Air Line, Everett, Ga., also interior Georgia points east of Columbus, Ga. (except on syrup to Texas points, the rate is four cents per 100 pounds higher than Macon Territory rates).

Southern Ry. (including Augusta Southern R. R.), except on syrup from points in Georgia south of Macon to Texas points the rate is four cents per 100 pounds higher than Macon Territory rates.

Tallassee & Montgomery Ry., Tallassee, Ala.

Western Ry. of Alabama, junction points only, including Grantville and Palmetto, Ga.

Western & Atlantic R. R., junction points only.

Through rates from points on lines not specified above, as well as from junction points reached solely by the Louisville & Nashville R. R., and Nashville, Chattanooga & St. Louis Ry., and points covered by the foregoing exceptions, are made on combination of locals.

on wagon material from Doyle, McMinnville, Manchester, Shelby and Tullahoma, Tenn.; on tobacco from Paris, Tenn.; on trees shrubbery from Jeff, Lily Flagg, Mercury, and Normal, Ala., Decherd, Dunlap, Estill Springs, Fayetteville, McMinnville, Tullah and Winchester, Tenn.; on buggies, harness, and saddlery from Sh ville, Tenn., to Texas points, and on articles manufactured at Pittsburgh, Tenn. (except iron articles); on whiskey, in wood or any quantity, from Normandy, Sparta, and Tullahoma, Tenn., Vinings, Ga.; also on cotton sheeting from Graham, Tenn., to points.

Points Taking New Orleans Rates

Basis applies at stations not named which are situated dir intermediate between two points that are named on the railroad.

Addis ..... La.
Adeline ..... La.
Alexandria ..... La.
Algiers ..... La.
Alma[1,2] ..... La.
Aloha ..... La.
Anchorage (M.L.&T.) . La.
Anchorage ..... La.
(N. O. T. & M.)
Anchorage[1] (T.&P.) .. La.
Angola ..... La.
Anococo ..... La.
Ansley[2] ..... La.
Arcadia ..... La.
Armstead ..... La.
Ashland ..... La.
Athens ..... La.
Atkins ..... La.
Atlanta ..... La.

Baldwin ..... La.
Barnes Creek[3] ..... La.
Basile ..... La.
Batchelor ..... La.
Baton Rouge ..... La.
Bayou Goula ..... La.
Bayou Sale ..... La.
Bayou Sara ..... La.
Belle Alliance ..... La.
Bennett[1,2] ..... La.
Berard ..... La.
Berard, H. ..... La.
Bernice[2] ..... La.
Berwick ..... La.

Bienville ..... La.
Bijou ..... La.
Black Hawk ..... La.
Blanchard[2] ..... La.
Boeuf ..... La.
Bon Ami[2] ..... La.
Bon Ami Jct[1,2] ..... La.
Boon ..... La.
Bordelonville ..... La.
Boswell[1,3] ..... La.
Boudier ..... La.
Bowie (M.L.&T.) .... La.
Bowie (T. & P.)[1] .... La.
Boyce ..... La.
Branch ..... La.
Brimstone[1,3] ..... La.
Broussard ..... La.
Bullion ..... La.
Bundick[1,2] ..... La.
Bunkie ..... La.
Burnside ..... La.
(Ascension Parish)
Burton ..... La.

Caddo City[1,3] ..... La.
Cade ..... La.
Calcasieu[1,4] ..... La.
Calhoun ..... La.
Camp Curtis[1,3] ..... La.
Campti ..... La.
Carencro ..... La.
Carson[3] ..... La.
Caspiana ..... La.
Castor ..... La.

C. C. Junction[1,3] ..
Chacahoula .....
Chasmore[4] .....
Chataignier .....
Chatham .....
Cheneyville .....
Chestnut .....
Chopin .....
Choudrant .....
Christie[1,3] .....
Chula .....
Church Point .....
Cinclare .....
Clarence .....
Clays[1,3] .....
Colfax .....
Colgrade .....
Convent .....
Converse[2] .....
Cottonport .....
Cotton Valley .....
Coushatta .....
Cravens[4] .....
Crowley .....
Cypress (T. & P.) ..
Cypress[1] (M.L.&T.)

Delhi .....
Delta Point .....
Denkman .....
De Quincy[3] (K.C.S.
De Quincy .....
(N. O. T. & M.)
DeRidder[2] (K.C.S.)

[1] Non-agency station.

[2] Special basis applies on classes between Chicago, Rock Island & Paci and Orange & North-Western R. R. points.

[3] Special basis applies on classes at points carrying this reference.

[4] New Orleans basis applies on commodities only, to and from points Gulf, Colorado & Santa Fe Ry., only; special class basis at points which carr reference.

Points Taking New Orleans Rates—Continued

Basis applies at stations not named which are situated directly intermediate between two points that are named on the same railroad.

DeRidder[4] .....La.
(G. C. & S. F.)
DeRidder[5] (L.C.&N.) .La.
DeRidder[5] .....La.
(S. A. & S. W.)
DeRidder Jct[1,3] .....La.
Derry .....La.
DeSoto[1,3] .....La.
Des Allemands.....La.
Dido[1,4] .....La.
Dodson[3] .....La.
Donaldsonville .....La.
Donner .....La.
Doyline .....La.
Dry Prong.....La.
Dubach[3] .....La.
Dubberly .....La.
Dugdemonia[1,3] .....La.

East Point.....La.
Edenborn .....La.
Edgard .....La.
Edgerly[3] .....La.
Egan[5] .....La.
El Dorado Jct[3].....La.
Elizabeth[4] .....La.
Ellis[1] .....La.
Elmore[3] .....La.
Elton .....La.
Emerson .....Ark.
Eola (M. L. & T.)...La.
Eola[1] (T. & P.).....La.
Eros .....La.
Erwinville .....La.
Estherwood .....La.
Eunice .....La.
Evergreen .....La.
Everett[3] .....La.
Experimental Farm[1,3] La.

Fayette[3] .....La.
Fenton .....La.
Ferriday .....La.
Fisher[3] .....La.
Fish Pond.....La.
Florien[3] .....La.
Forbing[1,3] .....La.
Fordoche .....La.
Forest Hill.....La.
Fournet .....La.
Franklin .....La.
Frierson[3] .....La.
Fullerton[3] .....La.
Fulton[3] (L. C. & N.) .La.
Fulton .....La.
(N. O. T. & M.)
Fulton[1,3] .....La.
(S. A. & S. W.)

Gahagan .....La.
Garden City.....La.
Gardere .....La.
Garyville .....La.
Gayles .....La.
Gaytine[1] (L.C.&N.)..La.
Gaytine[1,3] .....La.
(S. A. & S. W.)
Geismar .....La.
Georgetown .....La.
Gibbsland .....La.
Gibson .....La.
Gillis[1,3] .....La.
Girard .....La.
Glenmora .....La.
Glynn .....La.
Gloster .....La.
Gold Dust.....La.
Goldonna .....La.
Good Pine.....La.
Grabow[1,4] .....La.
Gramercy .....La.
Grand Bayou.....La.
Grand Cane.....La.
Grand Ecore.....La.
Gretna .....La.
Grosse Tete.....La.
Gueydan[5] .....La.

Hagen .....La.
Hamburg .....La.
Hanna .....La.
Harvey's .....La.
Harvey .....La.
Haughton .....La.
Hawthorne[1,3] .....La.
Haynesville .....La.
Herbert[1,4] .....La.
Hessmer .....La.
Hodge[1,3] .....La.
Hollingsworth[1,3] ....La.
Holly[1,3] .....La.
Holly Ridge.....La.
Homer .....La.
Hornbeck[3] .....La.
Howard .....La.
Hymers[1,3] .....La.

Ikes[4] .....La.
Iota .....La.
Iowa .....La.
Irish Bend.....La.

Jeanerette .....La.
Jena .....La.
Jennings .....La.
Jonesboro[3] .....La.
(C. R. I. & P.)
Jonesboro (T. & G.)..La.
Jonesboro Jct.....La.
Juanita[3] .....La.

Kearney[1,3] .....La.
Kenner .....La.
Kessler .....La.
Keystone (M.L.&T.)..La.
Keystone[1] (L. W.)..La.
Kinder .....La.
Kingston[1,3] .....La.
Knapp .....La.

Labadieville .....La.
Lafayette .....La.
Lafourche .....La.
Lake Arthur[3].....La.
Lake Charles[3].....La.
(K. C. S.)
Lake Charles[3] (L.W.) La.
Lake Charles[3].....La.
(L. C. & N.)
Lake Charles.....La.
(St. L. I. M. & S.)
Lake Charles[3].....La.
(S. A. & S. W.)
Lake End.....La.
Lamourie .....La.
Lamorie .....La.
La Place.....La.
Lawtell .....La.
(N. O. T. & M.)

[1] Non-agency station.

[2] Special basis applies on classes between Chicago, Rock Island & Pacific Ry. and Orange & North-Western R. R. points.

[3] Special basis applies on classes at points carrying this reference.

[4] New Orleans basis applies on commodities only, to and from points on the Gulf, Colorado & Santa Fe Ry., only; special class basis at points which carry this reference.

[5] *Basis as per Item 105, except on rice.*

Points Taking New Orleans Rates—Continued

Basis applies at stations not named which are situated directly intermediate between two points that are named on the same railroad.

Lawtell[1] .....La.
(N. O. T. & M.)
Le Compte.....La.
Ledet, Pauline J.[1]...La.
Leesville Hdw. Spur[1,3] La.
Leesville[3] .....La.
Leonville .....La.
Lettsworth .....La.
Lewis[3] .....La.
Lillie[3] .....La.
Lily Jct[1,3].....La.
Lobdell .....La.
Lockport .....La.
Lockport Jct[1,3].....La.
Longbridge .....La.
Longville[3] .....La.
Loring[3] .....La.
Lottie .....La.
Loula[1,3] .....La.
Lucas (K. C. S.)[1,3]...La.
Lucas (T. & P.).....La.
Ludington[3] .....La.
Lutcher .....La.

McCall .....La.
McCoy's Spur[1,3].....La.
McElroy .....La.
McKamie[1] (L. & A.).La.
McNeil .....Ark.
Mab[1,4] .....La.
Magnolia .....Ark.
Malos Bros.....La.
Mamou .....La.
Mansa .....La.
Mansfield .....La.
(M. R. T. Co.)
Mansfield[3] (K. C. S.).La.
Mansura .....La.
Many[3] .....La.
Maringouin .....La.
Markee[1,4] .....La.
Marksville .....La.
Marthaville .....La.
Melville .....La.
Mermenteau .....La.
Merryville[4] .....La.
Midland .....La.
Millbank .....La.
Minden .....La.
Monroe .....La.

Montegut .....La.
Montgomery .....La.
Mooringsport[3] .....La.
Moreauville .....La.
Moreland .....La.
Morgan City.....La.
Morganza .....La.
Morrows .....La.
Morville .....La.
Mounds .....La.
Myrtis[3] .....La.

Naples .....La.
Napoleonville .....La.
Natchez .....La.
Natchitoches .....La.
Neale[1,4] .....La.
Neame[3] .....La.
New Iberia .....La.
Newlin[1,3] .....La.
New Orleans .....La.
New Roads.....La.
Nitram[4] (G.C.&S.F.).La.
Nitram (G. & S. R.)..La.
Noble[3] .....La.
No. Baton Rouge....La.
Norton's Spur[1,3].....La.

Oakdale .....La.
(St. L. I. M. & S.)
Oakdale[4] .....La.
(G. C. & S. F.)
Oberlin .....La.
Oil City[3] .....La.
Olivier .....La.
Opelousas .....La.
Oxford .....La.

Packton .....La.
Paincourtville .....La.
Palmetto .....La.
Palmers' Mill[1,3].....La.
Patterson .....La.
Paulina[1] .....La.
Pelican .....La.
Perkins[1,3] .....La.
Pickering[3] .....La.
Pierre .....La.
Pine Prairie.....La.
Pineville .....La.

Pitkin[4] .....La.
Plaquemine .....La.
Plattenville .....La.
Port Allen .....La.
Port Barre.....La.
Port Chalmette.....La.
Port Hudson.....La.
Powell[1] (M. L. & T.).La.
(Jefferson Parish)
Powell[1] (V. S. & P.).La.
Powhatan .....La.
(Ouachita Parish)
Provencal .....La.
Pujo[1,4] .....La.
Pyburn (T. & G.)....La.
Pyburn[1,3] .....La.
(C. R. I. & P.)
Quebec .....La.
Quitman[3] .....La.

Raceland .....La.
Randolph[3] .....La.
Ratliff .....La.
Ravanna[3] .....Ark.
Rayne .....La.
Rayville .....La.
Reaves .....La.
Reserve .....La.
Ringgold .....La.
Roanoke .....La.
Robeline .....La.
Roberts[1,4] .....La.
Rochelle .....La.
Rodessa[3] .....La.
Roger .....La.
Rose .....La.
Rosedale[1] (M.L.&T.) La.
Rosedale (T. & P.)...La.
(Iberville Parish)
Rose Pine[3].....La.
Rousseau .....La.
Ruston (V. S. & P.).La.
Ruston[3] .....La.
(C. R. I. & P.)
Rustville .....La.

St. Gabriel.....La.
St. James.....La.
St. Landry.....La.
St. Maurice.....La.

[1] Non-agency station.

[2] Special basis applies on classes between Chicago, Rock Island & Pacific Ry. and Orange & North-Western R. R. points.

[3] Special basis applies on classes at points carrying this reference.

[4] New Orleans basis applies on commodities only, to and from points on the Gulf, Colorado & Santa Fe Ry., only; special class basis at points which carry this reference.

[5] Basis as per Item 105, except on rice.

Points Taking New Orleans Rates—Continued

Basis applies at stations not named which are situated directly intermediate between two points that are named on the same railroad.

St. Mary[1] (N.I.&N.)..La.
(St. Landry Parish)
St. Mary[1] (Y.&M.V.).La.
Saline .....La.
Sarepta .....La.
Schriever .....La.
Scott .....La.
Seale[1,2] .....La.
Shamberger & Son[1,3].La.
Shaws .....La.
Shear[1,4] .....La.
Sheehan[1,6] .....La.
Sibley .....La.
Sikes .....La.
Simmesport .....La.
Simsboro .....La.
Singer[2] .....La.
Smyth Jct[2] .....La.
Sodus .....La.
Sorrell .....La.
Sorrento .....La.
South Mansfield.....La.
Spear .....La.
Spring Hill.....La.
Stables Spur[2].....La.
Starks .....La.
Stovall .....La.

Sulphur .....La.
Sulphur Mine.....La.
Sunset .....La.

Tallulah .....La.
Tama .....La.
Tannehill[1,6] .....La.
Taylor .....Ark.
Taylortown .....La.
Thibodaux .....La.
Tillman[1,4] .....La.
Timberton .....La.
Tioga .....La.
Toomey[1,3] .....La.
Torras .....La.
Tremont .....La.
Trenton[1,3] .....La.
Trout .....La.
Turner[1,2] .....La.
Turps[1] (L. C. & N.).La.
Turps[1,6] .....La.
(S. A. & S. W.)

Vacherie .....La.
(St. James Parish)
Vandercook[1,6] .....La.
Verda .....La.

Vicksburg .....Miss.
Victoria Mills.....La.
Vienna[1,2] .....La.
Vinton[2] .....La.
Vivian[2] .....La.

Waggaman .....La.
Walla[1,2] .....La.
Wasey[1,3] .....La.
Washington .....La.
Welsh .....La.
Westdale .....La.
West Lake[2] (K.C.S.).La.
West Monroe.....La.
White Castle.....La.
Wilhelm .....La.
Willard .....Ark.
Winnfield[2] .....La.
Winona[1,2] .....La.
Wirand[1,2] .....La.
Woodside .....La.
Woodworth .....La.
Wyatt[2] .....La.

Yellow Pine.....La.

Zwolle[2] .....La.

[1] Non-agency station.

[2] Special basis applies on classes between Chicago, Rock Island & Pacific Ry. and Orange & North-Western R. R. points.

[3] Special basis applies on classes at points carrying this reference.

[4] New Orleans basis applies on commodities only, to and from points on the Gulf, Colorado & Santa Fe Ry. only; special class basis at points which carry this reference.

[5] Basis as per Item 105, except on rice.

Points Taking Shreveport Rates

Basis also applies at stations not named in the following list which are situated directly intermediate between two points that are named on the same railroad.

Ardis[2,3] ..... La.
Belcher[2] ..... La.
Billmore[1] ..... La.
Black Diamond[1,2] ... Ark.
Boyd[1,2] ..... Ark.
Bossier City ..... La.
Bungalow[1] ..... La.

Caddo Downs[1] ..... La.
Cash Point[1,2] ..... La.
Cavett[1,2] ..... La.
Caywood[1] ..... La.
Cedar Grove ..... La.
Combs Spur[1] ..... Ark.

Dixie (Caddo Parish)[2] La.
Doddridge[1,2] ..... Ark.

Flournoy ..... La.
Fort Lynn[1,2] ..... Ark.
Fouke[2] ..... Ark.
Franks[1] ..... La.
Funston[1] ..... La.

Gas Center ..... La.
Gilliam[2] ..... La.
Greenwood (Caddo Parish)[2] (T. & P.) La.
Greenwood (Caddo Parish) (M.K.&T.Tex.) La.

Hayti[1,2] ..... La.
Herndon[1,2] ..... La.
Hosston[2] ..... La.

Ida[2] ..... La.

Jewella[1] ..... La.

Keachie ..... La.
Keithville[2] (T. & P.) La.
Keithville (H. & S.) .. La.
Kiblah[1,2] ..... Ark

Lake Hayes[1,2] ..... La.
Lane[2] ..... La.

LaRosen[1] ..... La.
Logansport ..... La.
Longstreet ..... La.

Mira[2] ..... La.

New Camp[1,2] ..... La.
Nichols[1] ..... La.

Oden[1] ..... La.

Pickett[1,2] ..... La.
Preston ..... La.
Reisor[2] ..... La.
Roberts[1,2] ..... Ark.

Shreveport ..... La.

Uni[2] ..... La.

Washburn[1] ..... La.

[1] Non-agency station.

[2] Shreveport rates apply on shipments between points taking New Orleans rates bearing this character and points on the Texas & Pacific Railway in Texas, including Denison, Tex., except as otherwise provided to and from Jonesville, Lanark, Scottsville, and Waskom, Tex., Shreveport-Ft. Worth rates apply to and from all other points in Texas taking Texas Common-Point rates.

[3] Do not apply from or to points on the Gulf, Colorado & Santa Fe Railway.

A similar description of the territory embraced in these groups was formerly incorporated in the issues of the Southwestern Tariff Committee, but since the federal regulations relative to tariff construction became effective (1907), the information is contained in the territorial directory of this committee. This issue shows in alphabetical order all of the points located in the defined territories and the group (or territory) to which they are assigned.

3. Differentials

As in the case of the adjustment of rates to Missouri River, Colorado, and Utah common points, the rates from adjoining territories to Texas Common Points are made on a differential basis and the differentials used in this structure are shown in Table 7.

TABLE 7

Differentials from Defined Territories

Item	To Texas Common Points From	Differentials in Cents per 100 Pounds										Remarks
		Classes[1]										
		1	2	3	4	5	A	B	C	D	E	
1	Cincinnati	20	16	12	10	7	9	8	7	6	5	
2	Dayton-South Bend	34.2	28.8	21.4	17	11.8	11.8	10.8	10.8	10.8	10.8	
3	Detroit-Cleveland	42.5	37.2	28.6	20.2	16.9	16.9	14.8	12.8	12.8	11.8	
4	Pittsburgh	52.7	47.4	33.8	24.2	20.1	21.1	16.9	16.9	16.9	15.9	
5	Nashville	6	5	4	3	2	3	2	2	2	1	
6	Louisville	11	9	6	5	3	4	3	3	3	2	Over St.
7	Macon	11	9	6	5	3	4	3	3	3	2	Louis rates
8	Carolina	29	22	17	13	10	11	10	9	9	9	
9	Middlesborough	40	35	27	19	16	16	14	12	12	11	
10	Raleigh	46	35	27	21	16	18	16	15	15	16	
11	Little Rock-Ft. Smith	23	20	18	13	10	12	10	9	8	8	
12	Memphis	10	10	8	7	5	7	5	5	5	5	Less than St.
13	New Orleans	10	10	10	9	6	7	6	6	6	6	Louis rates
14	Shreveport	32	23	20	16	15	14	13	12	12	12	
15	Quincy	6	5	5	4	4	5	4	4	4	3	
16	Omaha-Davenport	15	12	9	7	4	5	4	4	4	3	
17	Chicago	20	16	12	10	7	9	8	7	6	5	Over St.
18	Milwaukee	20	16	12	10	7	9	8	7	6	5	Louis rates
19	Fox River	40	31	24	20	15	16.5	14	12	11	10	
20	Kansas City											Same as St. Louis rates
21	Kansas No. 1	10	10	8	8	6	6	5	4	3	3	
22	Kansas No. 2	20	16	12	10	7	9	8	7	6	5	Over Kansas
23	Kansas No. 3	20	16	12	10	7	9	8	7	6	5	City rates
24	Colorado Com. Points[2]											
25	Utah Common Points[3]	15	9	7	7	7	5	5	6	6	6	

[1] Governed by the Western Classification.

[2] Same rates as from St. Louis, not to exceed Denver-Kansas City rates.

[3] Rates from Utah Common Points will be made the differentials shown less than the rates currently in effect from Utah Common Points to New Orleans.

The differentials given in Table 7, either over or under the base rate as the case may be, represent a relative alignment on the group relation theory based on all competitive conditions.

These differentials do not fluctuate. Any change in the gross rate, i. e., the rate from the point of shipment to destination, occurs in the St. Louis-Texas Common Point rate. The change in the St. Louis-Texas Common Point rate is perpetuated throughout the rate structure by the use of the differentials.

Thus, for example, should the rates on any class rate or commodity rate be advanced five cents from St. Louis to Texas Common Points, the same advance occurs from all other territories from which the rates are made with relation to the St. Louis rates.

The differential basis is always employed where there is an established rate from St. Louis to Texas Common Points. While there is no uniform basis used in arriving at rates from a certain territory, in most instances when a rate is established from a certain territory, such as Dayton-South Bend, either on an arbitrary basis or on a combination of locals through a committee gateway, as for instance New Orleans, rates are established from other defined territories, namely, St. Louis, Kansas City, Chicago, Detroit-Cleveland, Macon, Carolina, Memphis, Little Rock-Ft. Smith, Omaha-Davenport, Quincy, Fox River, Louisville, Raleigh, Middlesborough, and Pittsburgh, by use of the differentials displayed in the foregoing by first establishing the St. Louis-Texas Common Point rate on proper relative basis.

4. Rates

In Table 8 are shown some of the rates currently in effect from defined territories to Texas Common Points, while in Table 9 are shown the rates applying from Texas Common Points in the opposite direction. A comparison of these rates will develop the fact that in most instances the same adjustment is applied in both directions, as the rates are the same.

TABLE 8

Class Rates from Points in Territories Specified to Texas Common Point Territory

To Texas Common Point Territory From	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
St. Louis	147	125	104	96	75	79	70	58	46	39
Memphis	137	115	96	89	70	72	65	53	41	34
Little Rock-Ft. Smith	124	105	86	83	65	67	60	49	38	31
Chicago-Cincinnati and Milwaukee	167	141	116	106	82	88	78	65	52	44
Omaha-Davenport (Except Quincy, Ill.)	162	137	113	103	79	84	74	62	50	42
Quincy	153	130	109	100	79	84	74	62	50	42
Fox River	187	156	128	116	90	95.5	84	70	57	49
Nashville	153	130	108	99	77	82	72	60	48	40
Louisville and Macon	158	134	110	101	78	83	73	61	49	41
Carolina	176	147	121	109	85	90	80	67	55	48
Raleigh	193	160	131	117	91	97	86	73	61	53
Middlesborough	187	160	131	115	91	95	84	70	58	50
Dayton-South Bend	181.2	153.8	125.4	113	86.8	90.8	80.8	68.8	56.8	49.8
Detroit-Cleveland	189.5	162.2	132.6	116.2	91.9	95.9	84.8	70.8	58.8	50.8
Pittsburgh	199.7	172.4	137.8	120.2	95.1	100.1	86.9	74.9	62.9	54.9

[1] Governed by the Western Classification, Southwestern Lines' Tariff, Series No. 1.

TABLE 9

Class Rates from Texas Common Point and Fort Wo
Dallas Groups to Territories Specified

From Groups	To Territories	Rates in Cents per 100 Po							
		Classes[1]							
		1	2	3	4	5	A	B	C
Texas Common Point and Fort Worth-Dallas	St. Louis	147	125	104	96	75	79	70	5
	Memphis	137	115	96	89	70	72	65	5
	Little Rock-Ft. Smith	124	105	86	83	65	67	60	4
	Omaha-Davenport	162	137	113	103	79	84	74	6
	Chicago	167	141	116	106	82	88	78	6
	Cincinnati	167	141	116	106	82	88	78	6
	Milwaukee	167	141	116	106	82	88	78	6
	Fox River	187	156	128	116	90	95½	84	7
	Louisville	158	134	110	101	78	83	73	6
Texas Common Point	Kansas City	147	125	104	96	75	79	70	5
	Kansas Group 1	157	135	112	104	81	85	75	6
	Kansas Group 2 / Kansas Group 3	167	141	116	106	82	88	78	6
Fort Worth-Dallas	Kansas City	127	111	96	89	70	72	63	5
	Kansas Group 1	137	121	104	97	76	78	70	5
	Kansas Group 2 / Kansas Group 3	147	127	108	99	77	81	73	6

[1] Governed by the Western Classification. Southwestern Lines' Tariff No. 20.

5. Exceptions to General Basis

There are, however, several exceptions whereby ferent basis is established for rates *from* Texas th used in making rates *to* points in the state. These e tions are set forth in Table 10.

TABLE 10

Class Rates from Texas to Colorado and Utah Common Points

From	To	Rates in Cents per 100 Pounds — Classes[1] 1	2	3	4	5	A	B	C	D	E	Remarks
Points in Texas Common Point Territory, except points in Fort Worth-Dallas Group No. 2	Colo. Com. Points	25	17	15	13	12	11	10	10	10	10	Less than rates currently in effect from New Orleans, La., to Colorado Common Points
Points in Fort Worth-Dallas Group No. 2	Colo. Com. Points	9	2	0	0	0	3	0	0	0	0	Less than rates applying from Texas Common Points
Points in Texas Common Point Territory, including points in Fort Worth-Dallas Group No. 2	Utah Com. Points	25	17	15	13	12	11	10	10	10	10	Less than rates currently in effect from New Orleans, La., to Utah Common Points

[1] Governed by the Western Classification.

The Fort Worth-Dallas groups referred to in Table 10 are outlined as follows:

Fort Worth-Dallas Group No. 1

("BURNT DISTRICT")

The "Burnt District," or what is hereafter to be known as "Fort Worth-Dallas Group No. 1," comprises that portion of the State of Texas lying within the following boundary:

Commencing at a point on the Fort Worth & Denver City Ry. just west of Acme and continuing in a southwesterly direction,

via an air line, to a point on the Texas Pacific Ry. just west of Big Springs; thence in a southeasterly direction, via an air line, to a point just south of San Angelo; thence in an easterly direction via a line drawn immediately south of and parallel to the Gulf, Colorado & Santa Fe Ry., to a point just south and west of Brownwood; thence in a southerly direction via a line drawn immediately west of and parallel to the Fort Worth & Rio Grande Ry., to a point just south of Brady; thence in a northerly direction via a line drawn immediately east of and parallel to the Fort Worth & Rio Grande Ry., to a point just south and east of Brownwood; thence in an easterly direction via a line drawn immediately south of and parallel to the Gulf, Colorado & Santa Fe Ry., to a point just south and west of Belton; thence in an easterly direction via a line drawn immediately south of and parallel to the Missouri, Kansas & Texas Ry. of Texas to a point just south and east of Echo; thence in a northerly direction via a line drawn immediately east of and parallel to the Missouri, Kansas & Texas Ry. of Texas to a point just south and east of Waxahachie; thence in an easterly direction via a line drawn immediately south and parallel to the Houston & Texas Central R. R. to a point just south and east of Garrett; thence in a northerly direction via a line drawn immediately east of and parallel to the Houston & Texas Central R. R., to a point just south of Dallas; thence in a southeasterly direction via a line drawn immediately south of and parallel to the Texas & New Orleans R. R., to a point just east of Kaufman; thence in a northerly direction via a line drawn immediately east of and parallel to the Texas Midland and Paris & Great Northern Railroads, via Paris, to a point on the Red River just east of Arthur.

Fort Worth-Dallas Group No. 2

The territory to be hereafter known as "Ft. Worth-Dallas Group No. 2" comprises that portion of the State of Texas lying east and north of the following boundary:

Commencing at a point on the Fort Worth & Denver City Ry. just west of Texline and continuing in a southerly direction via the New Mexico-Texas State Line to a point on the Pecos &

Northern Texas Ry. just west of Wilsey; thence in a southeasterly direction via an air line to a point on the Texas & Pacific Ry. just west and south of Big Springs; thence in an easterly direction via a line drawn immediately south of and parallel to the Texas & Pacific Ry. via Sweetwater, Abilene, Cisco, Weatherford, Fort Worth, Dallas, Terrell, Mineola, Longview and Marshall, to a point just south and east of Waskom.

The rates currently in effect are those shown in Table 11.

TABLE 11

CLASS RATES FROM TEXAS GROUPS NAMED TO DENVER GROUP POINTS

To Denver Group Points From	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
Points in Texas Common Point Group	180	148	110	84	65	81	62	52	43½	36
Points in Fort Worth-Dallas Group	171	146	110	84	65	78	62	52	43½	36
El Paso Group	147	125	104	96	75	79	70	58	46	39

[1] Governed by the Western Classification. Southwestern Lines' Tariff, Series No. 6.

These adjustments may seem unscientific but from an economic viewpoint they must be made, as otherwise industry would be crowded into an area too cramped for free movement and away from the source of raw material.

6. NORTHBOUND RATES

The rates from Texas Common Points to Northern groups[3] are on the same basis as the rates from these groups to Texas Common Points, except that the differential basis is not applied to points in defined territories in Central Freight Association Territory outside of Chicago-Cincinnati Territory. In other words, the rates from and to defined territories, with the exception just noted, apply between.

[3] See Table 9.

TABLE 12

CLASS RATES FROM KANSAS CITY AND KANSAS GROUPS TO T
COMMON POINT AND FORT WORTH-DALLAS GROUPS

FROM GROUPS	TO GROUPS	RATES IN CENTS PER 100 POUNDS								
		Classes[1]								
		1	2	3	4	5	A	B	C	D
Kansas City	Common Point.....	147	125	104	96	75	79	70	58	4
	Dallas-Fort Worth..	127	111	96	89	70	72	65	53	4
Kansas Group 1	Common Point.....	157	135	112	104	81	85	75	62	4
	Dallas-Fort Worth..	137	121	104	97	76	78	70	57	4
Kansas Group 2	Common Point.....	167	141	116	106	82	88	78	65	5
	Dallas-Fort Worth..	147	127	108	99	77	81	73	60	4
Kansas Group 3	Common Point.....	167	141	116	106	82	88	78	65	5
	Dallas-Fort Worth..	147	127	108	99	77	81	73	60	4

[1] Governed by the Western Classification. Southwestern Lines' Tariff, No. 42.

(a) Houston and Galveston

The basis for the construction of rates to com points set forth in the previous pages is also appl in so far as interior points are concerned, to Houston Galveston, Tex., except that from New Orleans, La., rates are made as follows:

Classes	1	2	3	4	5	A	B	C	D	E
Rates	80	68	58	46	38	41	35	31	30	2

The rates from the Shreveport, La., Group to Hou are:

Classes	1	2	3	4	5	A	B	C	D	E
Rates	62	54	50	44	33	34	31	27	24	2

These rates are governed by the Western Classificat

The rates to Galveston are the following different higher than the rates to Houston:

Classes	1	2	3	4	5	A	B	C	D	E
Differentials	7	6	5	3	3	3	3	2	2	

These rates are made to meet water competition and will be more fully dealt with in the chapter of this work devoted to rates via water lines.

7. To Points in Texas Differential Territory

The interstate rates to points located in Differential Territory are made in the same manner as are the state rates, namely, by the addition of the differential scale of rates to the common-point base rate. Taking as an illustration the same line as used in connection with the intrastate rates, viz., the Galveston, Harrisburg & San Antonio Railway (Houston, Texas, and west), the rates currently in effect from St. Louis are as shown in Table 13.

TABLE 13

Adjustment of Rates from St. Louis to Points in Texas Differential Territory

Between St. Louis, Mo., and	Rates in Cents per 100 Pounds										Remarks
	Classes [1]										
	1	2	3	4	5	A	B	C	D	E	
Chaney Jct. to San Antonio	147	125	104	96	75	79	70	58	46	39	
Macdona	3	3	3	3	2	2	2	2	2	2	
LaCoste	3	3	3	3	2	2	2	2	2	2	
Noonan	3	3	3	3	2	2	2	2	2	2	
Dunlay	3	3	3	3	2	2	2	2	2	2	
Hondo	3	3	3	3	2	2	2	2	2	2	
Seco	5	5	5	5	2	3	2	2	2	2	
Uvalde	10	10	10	10	5	7	5	5	5	5	
Spofford	12	12	14	15	9	10	9	5	5	5	
Feeley	22	20	24	26	16	16	15	10	10	10	Over San Antonio rates
Lozier	37	30	32	31	21	21	20	15	15	15	
Feodora	37	30	32	31	21	21	20	15	15	15	
Sanderson	53	45	36	24	25	25	11	12	14	12	
Strobel	53	45	36	24	25	25	11	12	14	12	
Quebec	53	45	36	24	25	25	11	12	14	12	
Dahlberg	53	45	36	24	25	25	11	12	14	12	
Torcer	53	45	36	24	25	25	11	12	14	12	
Fabens	53	45	36	24	25	25	11	12	14	12	
El Paso.....	53	45	36	24	25	25	11	12	14	12	

[1] Governed by the Western Classification.

8. All-Rail Rates to Texas from Seaboard Territory

Except from points in the state of Virginia and from Atlantic Coast points south of the state of Virginia rates are made only on a combination of local rates through Cincinnati, Ohio, Jeffersonville, New Albany, and Evansville, Ind., Alton, Cairo, East Cape Girardeau, East Ft. Madison, East Gray's Point, East Hannibal, East St Louis, Gale, Rock Island, and Thebes, Ill., Chaffee, and Hannibal, Mo., Columbus, Ky., Memphis, Tenn., and New Orleans, La. Except on apples the combination rates are not restricted to the above gateways, and may therefore be constructed on any all-rail combination.

CHAPTER V

RATES VIA WATER CARRIERS

1. Established Lines

The bulk of traffic from New England and Trunk Line territories to Texas points, as well as that originating in Seaboard Territory, moves by way of the ports of New York and Philadelphia and thence via water to the ports of Galveston, Texas City, and New Orleans, being confined to a great extent to two lines of steamers.

These two lines are the Morgan Line, which is a subsidiary of the Southern Pacific Company, and the Mallory Line, which is closely affiliated with the Santa Fe Railway System. They are known as the established lines.

2. Equipment

The investment in the equipment of these water lines represents an enormous sum and indicates the desirability of this traffic. The equipment of the Morgan Line, at present, is composed of eight combination passenger and freight steamers and fifteen freight steamers; while at the ports numerous tugs, steam lighters, barges, and car floats are necessary to the conduct of this business.

The fleet of the Morgan Line, at this time, is composed of the following vessels:

	Ocean Steamships	Gross Tonnage	Length	Hull
Passenger and Freight	Antilles	6,878	441′ 3″	Steel
	Breakwater	1,065	201′ 0″	Iron
	Chalmette	3,205	337′ 0″	"
	Comus	4,828	405′ 0″	Steel
	Creole	6,754	440′ 6″	"
	Excelsior	3,542	330′ 0″	Iron
	Momus	6,878	441′ 3″	Steel
	Proteus	4,836	405′ 0″	"
Freight	El Alba	4,614	405′ 0″	Steel
	El Cid	4,608	405′ 0″	"
	El Dia	4,614	405′ 0″	"
	El Mar	3,531	351′ 0″	Iron
	El Monte	3,531	351′ 0″	"
	El Mundo	6,008	420′ 1½″	Steel
	El Norte	4,604	405′ 0″	"
	El Occidente	6,008.44	430′ 1½″	"
	El Oriente	6,008.44	430′ 0″	"
	El Paso	3,531	351′ 0″	Iron
	El Rio	4,604	405′ 0″	Steel
	El Siglo	4,616	405′ 0″	"
	El Sol	6,008	430′ 1½″	"
	El Sud	4,572	405′ 0″	"
	El Valle	4,605	405′ 0″	"

The Mallory Line has a fleet of twelve vessels, which contrast favorably with those of the Morgan Line.

3. Service

The service given by these lines compares very favorably with the best service afforded by the all-rail lines. This is due to the fact that shipments for long distances are handled much more expeditiously via water than via rail, because the numerous junction points, railroad terminals, and clearing yards frequently hamper the prompt movement of freight via rail lines, whereas via the water

carriers the business is handled from port to port; in the case of a shipment moving from New York to Galveston, a distance of over 2,000 miles is covered in from five to seven days.

Upon arrival at the docks, the steamer discharges the cargo into cars placed ready for loading, many of which are loaded solid to destination and may therefore be handled with the utmost dispatch. Indeed, via this route a movement of freight to the Pacific coast in ten days is not uncommon.

The Morgan Line has three sailings weekly, in both directions, between New York and Galveston, with an aggregate minimum weekly service of ten vessels, while the Mallory Line has a semi-weekly service in both directions.

4. Competitive Territory

In addition to competing with the rail lines for the traffic adjacent to the Mexican Gulf ports, the Morgan and Mallory lines, with their water, rail-and-water, or rail connections, compete for traffic destined to or coming from points in Mississippi, Arkansas, Oklahoma, Missouri, Kansas, Louisiana, Colorado, Utah, New Mexico, Arizona, California, Oregon, Central and South America, Hawaiian Islands, Philippine Islands, China, Japan, and Australia.

They actively compete with the all-water routes to the trans-Pacific countries via the Suez Canal and via the Cape of Good Hope, while to ports on the western coast of the American continent they are in active competition with the water routes via the Isthmus of Tehauntepéc and Panama.

5. Jurisdiction of the Interstate Commerce Commission

While on traffic either originating at or destined to points beyond the ports of call of the established lines, the water carriers are subject to the requirements of the Act To Regulate Commerce and are required by the Interstate Commerce Commission to file schedules showing their lawfully established rates between the ports of call, they are exempted from the provisions of the Act. In dealing with this phase the Interstate Commerce Commission stated as follows:

> While restriction and control are essential to the inland carriers of foreign commerce, the ocean carriers of such commerce should remain unrestrained and free. The ocean is a highway free to all. No franchise is needed to sail the seas, nor is the establishment of a line of ships founded, either in law or in economics, upon the theory of a highway-serving monopoly which underlies the relation of the railroad to the state. It may well be, therefore, that without regulation, and the reason of natural competitive conditions, the public will be best served, and in the end treated more equitably, by leaving the water carriers to foreign lands entirely unhampered by legal restrictions, such as the people of this and other lands have found it necessary to impose upon the railroads.[1]

While the above applies in connection with commerce destined to foreign countries, it illustrates in a measure a few of the conditions surrounding the transportation of property by water.

In defining their jurisdiction over water carriers of interstate commerce, the Commission stated as follows:

> Interstate commerce wholly by railroad is subject to the Act; wholly by water not subject; partly by water and partly by rail-

[1] Cosmopolitan Shipping Co. v. Hamburg-American Packet Co., 13 I.C.C. 266, 281.

[2] In re Jurisdiction Over Water Carriers, 15 I.C.C. 205, 207.

road, under a common control, management, or arrangement for a continuous carriage or shipment, is subject to the Act.[2]

For this reason the port-to-port rate of the water carriers has never been filed with the Interstate Commerce Commission.

6. Competition

While the Commission has stated that water transportation between the Atlantic Seaboard and the port of Galveston has never been open to free competition, competition in the past and potential competition at the present time compel the established lines to maintain rates on what is a relatively low basis, considering the distance of the haul and the nature of the service. Further than this, tramp steamers discharging cargoes at any of the ports may be chartered by individuals to take a cargo to another port served by the established lines. Even now it is not unusual for shipments of lumber, rice, molasses, sugar, and vegetables to be forwarded from southern ports via schooners, which crafts afford the cheapest water transportation.

7. All-Water Rates

The rates currently in effect from New York to Galveston, from port to port, via the established lines are as follows:

Classes	1	2	3	4	5	A	B	C	D	E
Rates	75	63	55	48	32	36	32	27	26	26

These rates are governed by the Western Classification and include lighterage from points within the lighterage

limits of New York harbor. Some of the representative commodity rates are:

	Rate*
Nails, Staples, Wire (iron or steel), plain, barbed, painted, coppered, tinned or galvanized; Wire Stays and Wire Strand, straight or mixed carloads, minimum weight 36,000 pounds	15
Pipe (cast iron), Couplings and Connections, carloads, minimum weight 36,000 pounds.	
Outside Diameter 15 inches and under	17
Outside Diameter over 15 inches but not over 17 inches	22
Outside Diameter over 17 inches and under 20 inches	24
Poultry Food, carloads, minimum weight 30,000 pounds	20
Crockery, Earthenware and Stoneware, carloads, minimum weight 24,000 pounds	25
Cotton Piece Goods, straight carloads, minimum weight 20,000 pounds	40
Cotton Piece Goods, L.C.L.	55
Canned Goods, viz:	
Fish, Vegetables, Fruits, Soups, Hominy, Pork and Beans, Oysters (pickled or cove), Sauer Kraut, and Canned Meats, Clam Broth, Clam Juice, Peanut Butter, Preserves, Jams, Jellies, Catsup, Oyster Cocktails, Chili Sauce, in glass, boxed, straight or mixed carloads or in mixed carloads, with same articles in tin, boxed, minimum weight 30,000 pounds	
or	
Preserves, in wooden or stone packages; Mince Meat, straight or mixed carloads or in mixed carloads with Preserves, in tin, boxed, or in glass, Jelly and Fruit Butter, carloads, minimum weight 30,000 pounds	20
Cigars, in cases, corded, sealed and strapped, any quantity	69

Compare these rates with those applying from Chicago, St. Louis, Milwaukee, and other interior points and observe the disadvantage to which merchants at those points are placed by virtue of the water service available from the seaboard.

* In cents per 100 pounds.

As was stated in the preceding chapter, from St. Louis and other inland defined territories the Texas Common Point adjustment of rates is applied to Galveston and Houston. The rates from Chicago to the Common Points are $1.67, first class. This rate, as may be observed, is higher than the all-rail rates to New York plus the water rate from that point to Galveston, which route affords a combination rate of $1.50.

As low as these port-to-port rates are at present, it has been necessary in the past for the established lines to reduce them to a great extent in order to meet independent line competition, which crops out from time to time. These rates, however, considering the amount of capital invested, the cost of service at the terminals, and the cost of operation upon the high seas, yield the established lines but a fair return upon the investment.

8. Interstate Rates

The interstate rates to interior points within the state of Texas from New York and other points in Atlantic Seaboard Territory are made by combining the rates to the port or to Houston with those established by the Texas Railroad Commission applying from the ports. As will be recalled, the rates to Houston, Tex., from New York, N. Y., are made as follows:

Classes	1	2	3	4	5	A	B	C	D	E
From New York, N. Y., to Galveston, Tex.	75	63	55	48	32	30	32	27	26	26
Differentials	7	6	5	3	3	3	3	2	2	2
Through rates to Houston, Tex.	82	69	60	51	35	39	35	29	28	28

It may be remarked here that while the rates between the ports are governed by the Western Classification

and those applying within the state of Texas are gov
by the Texas Classification, there is no difficulty e
enced in harmonizing or combining the two sets of
for the number and designation of the class divi
as well as the ratings accorded most of the ar
correspond in each of these classifications:

(a) Rates from Interior Seaboard Points

The preceding section dealt with the constructi
rates from New York to Houston. The scale of ra
established is not applied from all Seaboard Ter
but is used as a basis upon which to build the g
adjustment that is applied over practically all of
Line Territory.

Taking their New York rates as the basis, the
lines establish rates from interior originating poi
adding an agreed scale of differentials to these
this scale being:

Classes	1	2	3	4	5	A	B	C	D
Differentials	15	12	10	9	8	8	8	8	8

This would make the rates to Galveston and H
as follows:

Classes	1	2	3	4	5	A	B	C	D
Rates to Galveston	90	75	65	57	40	44	40	35	34
Rates to Houston	97	81	70	60	43	47	43	37	36

Out of the rates so established, the water ca
absorb (or pay) the rail charges up to their docks.
maximum rail rate in this territory is in the nei
hood of 35 cents, *first class*. This allows the wate

and their rail connections south of New York 55 cents *first class* as their proportion on first-class traffic. By means of this adjustment, however, they are able to attract an immense amount of traffic from interior points to their route. In fact, shippers as far west as Cincinnati and Chicago can at times figure combinations by way of this route which are considerably less than the rates via the shorter and more direct all-rail lines.

(b) Rates to and from Interior Texas Points

In Chapter II, in connection with the application of the rates prescribed by the Railroad Commission of Texas in Common Point and Differential territories, the line of the Galveston, Harrisburg & San Antonio Railway was used to make the illustration. Taking the same line of railway and adding the rates from New York and from Seaboard Territory to the rates shown as applying locally from Houston, there will be produced the rates which are currently in effect from New York and from Seaboard Territory to such interior points in the state of Texas.

To illustrate further the effect of this Gulf water competition, take the route northeast from Galveston via the International & Great Northern Railway and via the Texas & Pacific Railway to Texarkana. The more important points on this route are shown in Table 14, in which is given the distance of the points from Houston as well as from St. Louis.

TABLE 14

Rates from New York to Interior Points

Miles to Houston	Miles to St. Louis	From New York to the Following Points in Texas	Rates in Cents per 100 Poun							
			Classes [1]							
			1	2	3	4	5	A	B	C
	816	Houston[2]								
5	811	Cross Timbers[2] ..	105	85	70	59	46	52	46	38
13	803	Aldine[2]	107	86	72	61	47	53	46	38
24	792	Spring[2]	110	89	74	63	50	56	49	40
30	786	Tamina[2]	113	92	77	66	53	59	52	43
36	780	Grand Lake[2]	115	94	79	68	55	61	54	44
39	777	Conroe[2]	116	95	80	69	56	62	54	44
47	769	Willis[2]	118	97	82	71	57	63	55	45
52	764	Esperanza[2]	120	99	84	73	58	64	56	46
55	761	New Waverly[2] ...	121	100	85	74	59	65	57	47
61	755	Kellys[2]	123	101	86	75	60	66	58	48
67	749	Phelps[2]	125	103	88	77	61	67	59	49
71	745	Dodge[2]	126	104	89	78	61	67	59	49
79	737	Riverside[2]	129	107	92	81	63	69	61	51
86	730	Trinity[2]	131	109	94	82	64	70	62	52
95	721	Red Branch[2]	134	112	96	84	65	71	63	53
100	716	Lovelady[2]	136	114	98	86	66	72	64	54
111	705	Cut[2]	138	116	100	88	67	73	65	55
113	703	Crockett[2]	140	118	101	90	68	74	66	56
120	696	Latexo[2]	143	120	103	92	70	76	68	58
126	690	Grapeland[2]	144	121	104	93	70	76	68	58
132½	683½	Salmon[2]	146	123	105	94	71	77	69	59
138½	677½	Elkhart[2]	146	123	105	94	71	77	69	59
143	673	Cronin[2]	148	125	107	96	72	78	70	59
151	665	Palestine[3]	150	127	109	98	73	79	71	60
178	638	Jacksonville[3]	155	131	112	101	76	82	74	62
196	620	Troup[3]	162	138	118	107	79	85	77	64
210	606	Overton[3]	164	139	119	108	80	86	78	65
232	584	Longview[3]	169	143	120	109	83	89	79	66
245	561	Marshall[3]	172	145	120	109	84	91	80	67
271	645	Jefferson[3]	172	145	120	109	84	91	80	67
280	536	Lodi[3]	172	145	120	109	84	91	80	67
285	531	Killdare[3]	172	145	120	109	84	91	80	67
290	526	Bivins[3]	172	145	120	109	84	91	80	67
298	518	Atlanta[3]	172	145	120	109	84	91	80	67
301	515	Queen City[3]	172	145	120	109	84	91	80	67
314	502	Sulphur[3]	172	145	120	109	84	91	80	67
322	494	Texarkana[3]								

[1] Governed by the Western Classification.
[2] International & Great Northern Railway.
[3] Texas & Pacific Railway.

The rates in Table 14 are made by adding to the established Gulf-line rate to Houston the scale of rates authorized by the Railroad Commission of Texas for the distance that the point is from Houston; for example:

Classes	1	2	3	4	5	A	B	C	D	E
From New York to Galveston	75	63	55	48	32	36	32	27	26	26
Houston arbitraries	7	6	5	3	3	3	3	2	2	2
From Houston to Lovelady (100 mi.)	44	41	38	35	26	27	24	21	16	13
Through rates	126	110	98	86	61	66	59	50	44	41

A comparison of this scale with that shown in Table 14 indicates that the published rates (through) are ten cents higher on first class, four cents higher on second, five cents higher on fifth, six cents higher on A, five cents higher on B, four cents higher on C, four cents higher on D, and four cents higher on E. This was brought about by the general advance in 1908 and while the rail carriers were ordered to reduce their rates to those previously in effect, the water carriers have perpetuated the 1908 contemplated advance on some of the classes. Accordingly, it may be stated that the present adjustment is based on a scale from New York to Houston of the following figures:

Classes	1	2	3	4	5	A	B	C	D	E
Rates	92	73	60	51	40	45	40	33	32	32

Following this line further from Houston until the border of Common Point Territory is reached (Marshall, Tex.), rates are made by the water lines in the following manner:

Classes	1	2	3	4	5	A	B	C	D	E
St. Louis rates	147	125	104	96	75	79	70	58	46	40
Differentials	25	20	16	13	9	12	10	9	9	9
Through rates from New York to Marshall	172	145	120	109	84	91	80	67	55	49

(c) Rates from Interior Seaboard Territory t Interior Texas Points

The rates from interior points in Seaboard Ter are made by adding the same scale of differentials New York rate as was employed in the case of Gal and Houston, viz.:

Classes	1	2	3	4	5	A	B	C	D
Differentials	15	12	10	9	8	8	8	8	8

In the use of this scale, however, the New York- Common Point scale is not exceeded; for illustr the rates from Seaboard Territory to Long View a

Classes	1	2	3	4	5	A	B	C	D
Rates	172	145	120	109	84	91	80	67	55

In other words, this scale of differentials is added New York rates to make rates from Seaboard Ter only when a lower rate is obtained by its use tha applicable to Texas Common Points.

9. Texas Differential Territory

Through rates from New York and Atlantic Sea Territory to points in Texas Differential Territor made by adding the authorized differentials co to the Gulf lines to the St. Louis-Texas Co Point rates and then adding to these rates the entials prescribed by the Railroad Commission of for the distance involved, combinations through H being observed as maxima. A combination of the shown in Table 6 with the rates applicable from York to Houston gives the rates that are curren effect from New York and Atlantic Seaboard Ter to stations on the Galveston, Harrisburg & San A Railway.

10. Commodity Rates

Commodity rates from and to Texas are established in the same manner as that employed in connection with the establishment of class rates, viz., the combination of rates authorized by the Railroad Commission of Texas with the rates published by the established lines to the Gulf ports.

While the Railroad Commission of Texas has adequately provided commodity tariffs for practically all of the natural products of the state on southbound traffic, many manufactured and other articles are not provided with commodity rates within the state. In such instances, rates are made by using the commodity rate of the Gulf lines between the ports plus the class arbitrary beyond. The proper class arbitrary to apply is determined by a reference to the classification.

CHAPTER VI

RATES TO AND FROM ARKANSAS JUNCTION POI

1. Intrastate Rates

The rates applying between points within the st Arkansas, shown in Table 15, were prescribed b Railroad Commission of Arkansas on or about Ap 1900. The court ordered all carriers operating the state to adjust their schedules to conform wit scale. For the most part, this schedule made ma reductions in the existing local rates, although in instances rates were increased. Notwithstanding however, the carriers adopted this schedule withou test, with the exception of a few who reserved their to contest the authority of the Railroad Commissi Arkansas to prescribe the charges.

What has been previously stated with referen Texas traffic is, in the main, true in so far as Arkan concerned. The characteristics of the traffic, its vo distribution, and movement resemble closely that t from the state of Texas, although perhaps the facturers' industry is engaged in to a greater in the state of Texas than in Arkansas. Thus, the of the latter state rely to a somewhat greater upon the Central West and Middle West for their factured products than is the case with regard inhabitants of the Lone Star State.

TABLE 15

Arkansas Distance Schedule (Court Tariff)[1]

Distances	Rates in Cents per 100 Pounds									
	Classes[2]									
	1	2	3	4	5	A	B	C	D	E
5 miles and under	18	15	13	10	8	9	7	5	5	4
10 miles and over 5	21	18	15	12	10	10	8	6	5	5
15 miles and over 10	25	21	18	14	11	12	10	7	6	6
20 miles and over 15	26	23	19	15	12	13	11	8	7	6
25 miles and over 20	28	24	20	16	13	14	11	8	7	6
30 miles and over 25	30	26	21	17	14	14	12	9	8	7
35 miles and over 30	32	27	23	18	14	15	13	9	8	7
40 miles and over 35	35	30	25	20	16	17	14	10	9	8
45 miles and over 40	37	32	26	21	17	18	15	11	9	8
50 miles and over 45	39	33	28	22	18	19	15	11	10	9
55 miles and over 50	40	35	29	23	18	20	16	12	10	9
60 miles and over 55	42	36	30	24	19	20	17	12	11	10
65 miles and over 60	44	38	31	25	20	21	18	13	11	10
70 miles and over 65	46	39	33	26	21	22	18	13	12	10
75 miles and over 70	47	41	34	27	22	23	19	14	12	11
80 miles and over 75	49	42	35	28	22	24	20	14	13	11
85 miles and over 80	51	44	36	29	23	25	20	15	13	12
90 miles and over 85	53	45	38	30	24	26	21	15	14	12
95 miles and over 90	54	47	39	31	25	26	22	16	14	17
100 miles and over 95	56	48	40	32	26	27	22	16	14	13
110 miles and over 100	56	48	42	32	26	27	22	17	14	13
120 miles and over 110	58	50	44	33	26	28	23	17	15	13
130 miles and over 120	61	53	46	35	28	30	25	18	16	14
140 miles and over 130	63	55	48	36	29	31	25	19	16	14
150 miles and over 140	65	57	50	37	30	31	26	20	17	15
160 miles and over 150	67	59	52	38	30	32	27	20	17	15
170 miles and over 160	69	61	54	39	31	33	27	21	18	16
180 miles and over 170	71	63	55	40	32	34	28	21	18	16
190 miles and over 180	73	65	56	41	33	35	29	22	18	17
200 miles and over 190	75	67	57	42	34	36	29	22	19	17
210 miles and over 200	77	68	58	43	34	37	30	23	19	17
220 miles and over 210	79	69	58	43	34	37	30	23	20	17
230 miles and over 220	81	70	59	44	35	37	31	24	20	18
240 miles and over 230	83	71	59	44	35	27	31	24	21	18
250 miles and over 240	85	72	60	45	36	38	32	25	21	18
260 miles and over 250	86	73	60	45	36	38	32	25	22	18
270 miles and over 260	87	74	61	46	37	39	32	26	22	18
280 miles and over 270	88	75	61	46	37	39	32	26	23	18
290 miles and over 280	89	76	62	47	38	40	33	27	23	19
300 miles and over 290	90	77	62	47	38	40	33	27	24	19
320 miles and over 300	92	78	63	48	38	41	34	28	24	19
340 miles and over 320	94	79	64	49	39	42	34	28	24	20
360 miles and over 340	96	80	65	50	40	43	35	29	24	20
380 miles and over 360	98	81	66	51	41	43	36	29	25	20
400 miles and over 380	100	82	67	52	42	44	36	30	25	21

[1] The ratio of charge per mile decreases as distance increases.
[2] Governed by the Western Classification.

CLASS AND COMMODITY RATES—TW

(a) Through joint rates for the transport
over two lines of railroad which are not unde
ment and control, and not otherwise provided
by adding to the rates prescribed herein, for
tinuous mileage, the following figures (differe

Classes	1	2	3	4	5	A
Differentials	10	8	7	6	5	5

MAXIMUM TWO-LINE RATES

(b) When the sum of the rates prescribed f
is less than the through joint rate made in acc
instructions, such sum of rates shall be used a

(c) The through joint rate for distances 30
not exceed single line rates for 300 miles.
rates for distances greater than 300 miles sha
or continuous mileage rate for the actual dist

CLASS RATES—THREE LINES OR

(d) Through joint rates for the transport
of merchandise by classes, over three or mor
which are not under the same management a
otherwise provided for, shall be determined
the charges on the several railroads, or pa
prescribed herein for the respective distanc
chandise is carried over each line, and dedu
10 per cent, provided, that the through ra
shall in no cases exceed the following figures:

Classes	1	2	3	4	5	A
Rates	102	92	79	53	43	4

Table 15 provides local as well as join
composed of two or more lines. In actu
ever, the joint routes are sometimes c
the local rates when the distance via
less than that of the joint route.

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In addition to prescribing the class rates, the Commission of Arkansas likewise established a maximum scale of charges for certain commodities. In Table 16 are shown some of these commodities with the rates applicable for selected distances.

TABLE 16

COMMODITY RATES APPLYING IN ARKANSAS [1]

MILES	Apples & Vegetables		Canned Goods		Corn, Oats, Etc.		Sugar, Rice, Etc.	
	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.
5	5	10	5	10	5	10	8	10
20	8	13	8	13	5	12	9	13
40	10	17	10	18	6	16	10	16
100	16	27	16	28	10	26	14	26
200	22	36	22	36	13	34	20	34
400 and over	30	44	30	52	17	42	29	42

[1] Court Tariff, Circuit Court of the United States.

2. INTERSTATE RATES

The plan followed in publishing interstate rates to points within the state of Arkansas strongly resembles the basing-point system used in Southeastern Territory, the junction points throughout the state being singled out and rates published to these points from the various basing centers.

However, the rates are not blanketed over the entire state, as in the case of the Texas Common Point adjustment, but are graded on a mileage basis.

The locations of some of the basing centers, such as Memphis, St. Louis, and Kansas City, and the disparity in the distances have resulted in rates from such points which are made without any fixed relation to each other.

The rates to the more important Arkansas Junction Points are shown in Table 17.

TABLE 17

Class Rates from St. Louis Territory to Arkansas Junction Points

From St. Louis Territory To	Rates in Cents per 100 Pounds								
	Classes [1]								
	1	2	3	4	5	A	B	C	D
Little Rock	100	85	65	49	37	39	32	27	23
Pine Bluff									
Fort Smith	110	95	75	59	44	46	39	34	30
Benton									
Bauxite	111	93	74	54	42	46	38	34	29
Blytheville	81	68	54	43	32	35	28	24	20
Brinkley	100	85	65	49	37	39	32	27	23
Camden	120	107	91	69	51	54	46	38	31
Centerville	120	105	85	67	50	52	45	40	36
Clarendon	100	85	65	49	37	39	32	27	23
Crossett	125	105	89	66	53	54	46	37	31
Dardanelle	115	100	80	62	48	50	43	38	34
El Dorado	130	111	93	71	53	56	48	38	32
Fordyce	115	100	80	62	46	49	41	35	29
Forrest City	90	71	56	45	34	38	32	27	23
Hot Springs	135	116	93	71	54	57	45	38	32
Hoxie	81	68	54	43	32	35	28	24	20
Jelks	95	80	62	46	35	37	32	27	23
Jonesboro	81	68	54	43	32	35	28	24	20
Lexa	95	76	62	48	35	40	33	28	24
McNeil	125	114	100	83	64	68	54	45	40
Malvern	116	97	78	56	44	48	40	35	30
Mansfield	118	103	83	67	49	51	44	39	35
Newport	91	75	58	48	37	39	32	26	21
Paragould	81	68	54	43	32	35	28	24	20
Parkin	90	71	56	44	32	35	31	26	21
Petit Jean	120	105	85	67	50	52	45	40	36
Prosperity	120	105	85	67	50	52	45	40	36
Searcy	96	82	64	49	37	39	32	27	23
Stamps	127	111	96	86	65	69	55	47	41
Warren	120	102	86	64	52	54	44	36	30
Texarkana	127	111	96	86	65	69	55	47	41

[1] Governed by the Western Classification.

The St. Louis Southwestern Railway operates from the northeastern to the southwestern extremity of the state. Taking in their order the more important points located on this railway: Paragould, Jonesboro, Brinkley, Pine Bluff, Fordyce, Stamps, and Texarkana (the

last point being located on the Arkansas-Texas state line), a gradual increase in rates is observed.

With respect to the jobbing centers, Memphis is the most advantageously located, as it has the low basis of rates from the northeastern and southeastern states and its location upon the Mississippi River affords the merchants at that point a cheap means of water transportation from such points as Pittsburgh, St. Louis, and New Orleans.

The rates from Memphis to stations in Arkansas are made with reference to the rates established by the Railroad Commission of Arkansas, to which rates are added the bridge tolls assessed by the company controlling the bridge at Memphis, Tenn. Generally speaking, it may be stated that the rates between Memphis, Tenn., and points in Arkansas are certain bridge tolls higher than those for equal distances specified in the Arkansas Commission Schedule, although in a few instances rates are higher and in still others are lower than this combination.

Specific rates to Arkansas Junction Points are published from Cairo Territory, Kansas City Territory, Omaha Territory, New Orleans Territory, and Memphis, Tenn. The last named point, by virtue of its location, has the lowest basis of rates to the Arkansas Junction Points. The rates from these territories, however, are made without relation to each other, and considering the differences in the lengths of the hauls involved, it is hard to see how a relative adjustment could be arrived at.

Memphis, Tenn., by virtue of its location (being adjacent to the state and but forty-five miles distant from the nearest junction point), has rates that are considerably less than those from any of the other territories.

The rates from the various territories to Little Rock

(c) Rates from Interior Seaboard
Interior Texas Points

The rates from interior points in Sea
are made by adding the same scale of di
New York rate as was employed in the c
and Houston, viz.:

Classes	1	2	3	4	5	A
Differentials	15	12	10	9	8	8

In the use of this scale, however, the
Common Point scale is not exceeded;
the rates from Seaboard Territory to Lo

Classes	1	2	3	4	5	A
Rates	172	145	120	109	84	91

In other words, this scale of differential
New York rates to make rates from Sea
only when a lower rate is obtained by i
applicable to Texas Common Points.

9. Texas Differential Terr

Through rates from New York and A
Territory to points in Texas Differenti
made by adding the authorized differ
to the Gulf lines to the St. Louis-
Point rates and then adding to these
entials prescribed by the Railroad Com
for the distance involved, combinations t
being observed as maxima. A combina
shown in Table 6 with the rates appli
York to Houston gives the rates that
effect from New York and Atlantic Sea
to stations on the Galveston, Harrisburg
Railway.

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TABLE 18

DIFFERENTIALS TO BE ADDED TO THE ST. LOUIS RATES TO MAKE THROUGH RATES TO ARKANSAS JUNCTION POINTS

To Arkansas Jct. Points from Following Territories	Differentials in Cents per 100 Pounds										Remarks
	Classes [1]										
	1	2	3	4	5	A	B	C	D	E	
Davenport	15	12	9	7	4	5	4	4	4	3	Over St. Louis Rates
Nashville	6	5	4	3	2	3	2	2	2	1	
Des Moines	25	22	18	14	8	10	8	8	8	6	
Louisville	11	9	6	5	3	4	3	3	3	2	
Macon	21	17	12	10	6	8	6	6	6	4	
Cincinnati	20	16	12	10	7	9	8	7	6	5	
Chicago	20	16	12	10	7	9	8	7	6	5	
Milwaukee	20	16	12	10	7	9	8	7	6	5	
St. Paul	40	31	24	20	15	16.5	14	12	11	10	
Estherville	50	41	33	27	19	21.5	18	16	15	13	
Dayton-South Bend	34.2	28.8	21.4	17	11.8	11.8	10.8	10.8	10.8	10.8	
Detroit-Cleveland	42.5	37.2	28.6	20.2	16.9	16.9	14.8	12.8	12.8	11.8	
Pittsburgh	52.7	47.4	33.8	24.2	20.1	21.1	16.9	16.9	16.9	15.9	

[1] Governed by the Western Classification.

In many cases these differentials are the same as those applied in connection with Texas traffic.

5. Rates from Seaboard Territory

All-rail rates from Atlantic Seaboard Territory (or Trunk Line and New England territories combined, as it is designated via the all-rail lines), are made on the basis of the lowest combination, that is, through St. Louis, Memphis, or the Northern Gateways.

6. Rates Via South Atlantic and Gulf-Port Lines

On traffic from Atlantic Seaboard Territory via the water carriers through the South Atlantic ports or Mexican Gulf ports, the rail lines concede a differential under the rates established by the rail lines from Boston, New York, Philadelphia, and Baltimore. The current rates applying from these cities to some of the more important Arkansas Junction Points via the Atlantic or Gulf ports are reproduced in Table 19.

TABLE 19

Class Rates from Baltimore, Boston, N Philadelphia Via Atlantic and Gul Points in Arkansas

To the Following Points in Arkansas	From	Rates in Cents				
		Clas				
		1	2	3	4	5
Benton	Baltimore...	137	113	99	76	6
	Boston.....	148	123	103	79	6
	New York...	143	119	100	78	6
	Philadelphia.	139	115	100	77	6
Camden	Baltimore...	141	123	112	89	6
	Boston.....	152	133	116	92	7
	New York...	147	129	113	91	6
	Philadelphia.	143	125	113	90	6
Crossett	Baltimore...	146	121	110	86	6
	Boston.....	157	131	114	89	7
	New York...	152	127	111	88	7
	Philadelphia.	148	123	111	87	7
Dardanelle	Baltimore...	136	116	101	82	6
	Boston.....	147	126	105	85	6
	New York...	142	122	102	84	6
	Philadelphia.	138	118	102	83	6
El Dorado	Baltimore...	151	127	114	91	6
	Boston.....	162	137	118	94	7
	New York...	157	133	115	93	7
	Philadelphia.	153	129	115	92	7
Fordyce	Baltimore...	136	116	101	82	6
	Boston.....	147	126	105	85	6
	New York...	142	122	102	84	6
	Philadelphia.	138	118	102	83	6
Fort Smith	Baltimore...	131	111	96	79	6
	Boston.....	142	121	100	82	6
	New York...	137	117	97	81	6
	Philadelphia.	133	113	97	80	6
Hot Springs	Baltimore...	156	132	114	91	7
	Boston.....	167	142	118	94	7
	New York...	162	138	115	93	7
	Philadelphia.	158	134	115	92	7

[1] Governed by the Western Classification.

CHAPTER VII

RATES TO AND FROM POINTS IN OKLAHOMA

1. Intrastate Rates

The conditions that obtain in the adjustment of rates to Arkansas prevail, to a great extent, in the adjustment used in establishing rates from, to, and between points in the state of Oklahoma, except that rates are published to all stations, whether local or junction points.

Likewise, the Corporation Commission of the State of Oklahoma has prescribed a scale of rates on both classes and commodities applicable on traffic moving within the state, these rates being shown in Tables 20 and 21.

TABLE 20

Single-Line Class Rates

Miles[1]	Rates in Cents per 100 Pounds									
	Classes[2]									
	1	2	3	4	5	A	B	C	D	E
5	13.0	10.8	9.1	7.0	6.0	5.7	5.0	4.3	3.5	2.5
10	15.0	12.4	10.4	8.2	7.0	6.7	5.7	4.9	4.0	2.9
15	17.0	14.0	11.7	9.4	8.0	7.7	6.4	5.5	4.5	3.3
20	19.0	15.6	13.0	10.6	9.0	8.7	7.1	6.0	5.0	3.7
25	20.5	16.9	14.3	11.5	9.8	9.4	7.7	6.5	5.5	4.0
30	22.0	18.2	15.0	12.4	10.6	10.1	8.3	7.0	6.0	4.3
35	23.5	19.5	16.0	13.3	11.4	10.8	8.9	7.5	6.3	4.6
40	25.0	20.8	17.0	14.2	12.2	11.5	9.5	8.0	6.6	4.9
45	26.5	22.1	18.0	15.1	13.0	12.2	10.1	8.5	6.9	5.2
50	28.0	23.4	19.0	16.0	13.8	12.9	10.7	9.0	7.2	5.5
55	29.5	24.7	20.0	16.9	14.6	13.6	11.3	9.5	7.5	5.8
60	31.0	26.0	21.0	17.8	15.4	14.3	11.9	10.0	7.8	6.1
65	32.5	27.3	22.0	18.7	16.2	15.0	12.5	10.5	8.1	6.4
70	34.0	28.6	23.0	19.6	17.0	15.7	13.1	11.0	8.4	6.7
75	35.5	29.9	24.0	20.5	17.8	16.4	13.7	11.5	8.7	6.9
80	37.0	31.2	25.0	21.4	18.6	17.1	14.3	12.0	9.0	7.1
85	38.5	32.5	26.0	22.3	19.4	17.8	14.9	12.5	9.3	7.3
90	40.0	33.8	27.0	23.2	20.2	18.5	15.5	13.0	9.6	7.5
95	41.5	35.1	28.0	24.1	21.0	19.2	16.1	13.5	9.9	7.7

TABLE 20—Continued

SINGLE-LINE CLASS RATES

MILES[1]	RATES IN CENTS PER 10					
	Classes[2]					
	1	2	3	4	5	A
100	43.0	36.4	29.0	25.0	21.8	19.9
105	44.5	37.7	30.0	25.9	22.6	20.6
110	46.0	39.0	31.0	26.8	23.4	21.3
115	47.0	39.8	32.0	27.4	23.9	21.8
120	48.0	40.6	32.7	28.0	24.4	22.3
125	49.0	41.4	33.4	28.6	24.9	22.8
130	50.0	42.2	34.1	29.2	25.4	23.3
135	51.0	43.0	34.8	29.8	25.9	23.8
140	52.0	43.8	35.5	30.4	26.4	24.3
145	53.0	44.6	36.2	31.0	26.9	24.8
150	54.0	45.4	36.9	31.6	27.4	25.3
155	55.0	46.2	37.6	32.2	27.9	25.8
160	56.0	47.0	38.3	32.8	28.4	26.3
165	57.0	47.8	39.0	33.4	28.9	26.8
170	58.0	48.6	39.7	34.0	29.4	27.3
175	59.0	49.4	40.4	34.6	29.9	27.8
180	60.0	50.2	41.1	35.2	30.4	28.3
185	61.0	51.0	41.8	35.8	30.9	28.8
190	62.0	51.8	42.5	36.4	31.4	29.3
195	63.0	52.6	43.2	37.0	31.9	29.8
200	64.0	53.4	43.9	37.6	32.4	30.3
210	65.5	54.6	44.9	38.4	33.2	31.0
220	67.0	55.8	45.9	39.2	34.0	31.7
230	68.5	57.0	46.9	40.0	34.8	32.4
240	70.0	58.2	47.9	41.8	35.6	33.1
250	71.5	59.4	48.9	42.6	36.4	33.8
260	73.0	60.6	49.9	43.4	37.2	34.5
270	74.5	61.8	50.9	44.2	38.0	35.2
280	76.0	63.0	51.9	45.0	38.8	35.9
290	77.5	64.2	52.9	45.8	39.6	36.6
300	79.0	65.4	53.9	46.6	40.4	37.3
310	80.0	66.2	54.6	47.2	40.9	37.8
320	81.0	67.0	55.3	47.8	41.4	38.3
330	82.0	67.8	56.0	48.4	41.9	38.8
340	83.0	68.6	56.7	49.0	42.4	39.3
350	84.0	69.4	57.4	49.6	42.9	39.8
360	85.0	70.2	58.1	50.2	43.4	40.3
370	86.0	71.0	58.8	50.8	43.9	40.8
380	87.0	71.8	59.5	51.4	44.4	41.3
390	88.0	72.6	60.2	52.0	44.9	41.8
400	89.0	73.4	60.9	52.6	45.4	42.3
410	90.0	74.2	61.6	53.2	45.9	42.8
420	91.0	75.0	62.3	53.8	46.4	43.3
430	92.0	75.8	63.0	54.4	46.9	43.8
440	93.0	76.6	63.7	55.0	47.4	44.3
450 and over	94.0	77.4	64.4	55.6	47.9	44.8

[1]Where exact distance is not shown, use next great

[2]Governed by the Western Classification.

FORD LIBRARIES

TABLE 21

Single-Line Commodity Rates

Miles[1]	Rates in Cents Per 100 Pounds (Except as Noted)			
	Ice, carloads, minimum weight 30,000 pounds	Broom Corn, carloads, minimum weight 16,000 pounds	Grain Products, less carloads	Horses and Mules, carloads, in dollars and cents per Standard car
5	2.8	6.5	5.0	10.00
10	3.1	8.0	6.0	12.00
15	3.4	9.5	7.0	14.00
20	3.7	10.8	8.0	15.00
25	4.0	12.0	9.0	16.00
30	4.2	13.0	10.0	17.00
35	4.4	14.0	11.0	18.00
40	4.6	15.0	12.0	19.00
45	4.8	16.0	13.0	20.00
50	5.0	17.0	14.0	21.00
55	5.2	17.8	15.0	21.90
60	5.4	18.6	16.0	22.80
65	5.6	19.4	17.0	23.70
70	5.8	20.2	18.0	24.60
75	6.0	21.0	18.8	25.50
80	6.2	21.7	19.6	26.25
85	6.4	22.4	20.4	27.00
90	6.6	23.1	21.2	27.75
95	6.7	23.8	22.0	28.50
100	6.8	24.5	22.8	29.25
105	6.9	25.1	23.4	29.95
110	7.0	25.7	24.0	30.65
115	7.1	26.3	24.6	31.35
120	7.2	26.9	25.2	32.05
125	7.3	27.1	25.8	32.75
130	7.4	27.6	26.4	33.40
135	7.5	28.1	27.0	34.05
140	7.6	28.6	27.6	34.70
145	7.7	29.1	28.2	35.35
150	7.8	29.6	28.8	36.00
155	7.9	30.1	29.3	36.60
160	8.0	30.6	29.8	37.70
165	8.1	31.1	30.3	37.80
170	8.2	31.6	30.8	38.40
175	8.3	32.1	31.3	39.00
180	8.4	32.5	31.8	39.50
185	8.5	32.9	32.3	40.00
190	8.6	33.3	32.8	40.50
195	8.7	33.7	33.3	41.00
200	8.8	34.1	33.8	41.50
210	9.0	34.9	34.6	42.30
220	9.2	35.8	35.4	43.10
230	9.4	36.7	36.2	43.90

TABLE 21—Continued

SINGLE-LINE COMMODITY RATES

MILES[1]	RATES IN CENTS PER 100 POUNDS (EXCEPT A		
	Ice, carloads, minimum weight 30,000 pounds	Broom Corn, carloads, minimum weight 16,000 pounds	Grain Products, less carloads
240	9.6	37.6	37.0
250	9.8	38.5	37.8
260	10.0	39.2	38.3
270	10.2	39.9	38.8
280	10.4	40.6	39.3
290	10.6	41.3	39.8
300	10.8	42.0	40.3
310	11.0	42.6	40.8
320	11.2	43.2	41.3
330	11.4	43.8	41.8
340	11.6	44.4	42.3
350	11.8	45.0	42.8
360	12.0	46.0	43.3
370	12.2	46.5	43.8
380	12.4	47.0	44.3
390	12.6	47.5	44.8
400	12.8	48.0	45.3
410	13.0	48.4	45.8
420	13.2	49.2	46.3
430	13.4	49.6	46.8
440	13.6	50.0	47.3
450 and over	13.8	50.0	47.8

[1]Where exact distance is not shown, use next greater distance.

APPLICATION OF RATES

The rates named in Tables 20 and 21 are for applic shipments moving over one line of railroad or over two lines of railroad which are either directly or indirectly u same management and control. Through joint rates transportation of shipments over two or more lines of which are not directly or indirectly under the same man and control, shall be made by adding to the rates named i

20 and 21 or reissues thereof, the following arbitrary figures, observing combination of local rates as maximum:

Classes	1	2	3	4	5	A	B	C	D	E
A	9	8	7	6	5	5	4	4	3	2.5
B	14	13	11	10	8	8	6	6	5	5
C	18	17	15	14	11	11	8	8	7	7

	Ice	Broom Corn	Grain Products	Horses and Mules
A	2.5	5	5	$ 8.00
B	5	8	9	12.00
C	7	11	14	16.00

The above named arbitraries are in cents per 100 pounds, except on Horses and Mules, which are quoted in dollars and cents per car, of any length, and apply as follows:

"A"—Over two lines not under the same management and control, either directly or indirectly.

"B"—Over three lines.

"C"—Over four or more lines.

These rates are published by the carriers, through their agents, under protest, the tariff containing them having a provision on the title page reading as follows:

The rates and conditions quoted herein on Classes and Commodities are quoted thereon solely for the purpose of complying with Orders Nos. 382 and 518 of the Corporation Commission of Oklahoma, and under no circumstances will rates named herein apply on Interstate shipments, i. e., on traffic originating at or destined to points outside of the State of Oklahoma, and traffic originating at and destined to points in Oklahoma but moving outside of the State in transit.

On interstate traffic for which rates are made on a mileage basis, the scale established by the carriers is used, although it is somewhat higher than that prescribed by the state commission. However, on traffic moving within the state the state rates must be observed.

2. Interstate Rates

In this adjustment, the jobbing centers of the Missouri River, by virtue of their location, have the lowest basis

of rates. The rates from the Kansas City and St. Lo groups to the stations on the St. Louis & San Francis Railroad from Wyandotte, Okla., to Oklahoma City a to the stations on the Chicago, Rock Island & Paci Railway from Oklahoma City to Texola, Okla., are sho in Table 22.

TABLE 22

JOINT RATES FROM KANSAS CITY AND ST. LOUIS GROUPS TO OKLAHOMA TERRITORY

To	From Kansas City Group								
	Rates in Cents per 100 Pounds								
	Classes[1]								
	1	2	3	4	5	A	B	C	D
Wyandotte, Okla.	65	56	46½	33	29	32	24	16	15
Moray, Okla.	66	56	46½	33	29	32	24	16	15
Ogeechee, Okla.	66	56	46½	33	29	32	24	16	15
Afton, Okla.	67	56	46½	33	29	32	24	16	15
Todd, Okla.	70	56	50	36	29	32	24	16	15
White Oak, Okla.	72	59	51	36	29	32	24	16	15
Chelsea, Okla.	75	63	52	36	29	32	25½	18	16
Verdigris, Okla.	85	70	62	46	36	39	34	25	22½
Tulsa, Okla.	85	71	62	46	36	39	34	25	23
Sapulpa, Okla.	86	72	64	48	42	43	36½	27	23½
Davenport, Okla.	95	82	74	62	46	48	39	32	26
Warwick, Okla.	95	82	74	62	46	48	39	32	26
Spencer, Okla.	95	82	74	62	46	48	39	32	26
Oklahoma City, Okla.	95	82	74	62	46	48	39	32	26
Ft. Reno, Okla.	95	82	74	64	47	47½	36½	31	24
Calumet, Okla.	105	90	81	75	50	61½	52½	43	33
Bickford, Okla.	105	90	81	75	52	61½	52½	43	33
Ferguson, Okla.	100	88	78	73	52	58	50	41½	32
Bridgeport, Okla.	110	98	87	81	54	66½	49	43	34
Indianapolis, Okla.	110	99	89	83	63	67	49	43	34
Ralph, Okla.	116	99	94	83	66	68	55	45	36
Elk City, Okla.	119	103	96	87	70	72	60	49	40
Texola, Okla.	120	107	97	89	70	73	62	50	42
Benonine, Tex.	132	116	100	93	73	75	68	55	43

[1]Governed by the Western Classification.

TABLE 22—Continued

To	From St. Louis Group									
	Rates in Cents per 100 Pounds									
	Classes[1]									
	1	2	3	4	5	A	B	C	D	E
Wyandotte, Okla.....	87	68	57	43	34	37	29	22	19	16
Moray, Okla.....	91	72	61	46	36	39	31	22	20	17
Ogeechee, Okla.....	91	72	61	46	36	39	31	22	20	17
Afton, Okla.....	100	80	69	51	40	43	33	24	22	18
Todd, Okla.....	101	83	73	55	43	45	36	27	24	19
White Oak, Okla....	107	86	74	55	43	45	36	27	24	19
Chelsea, Okla.....	110	90	75	55	43	45	38	29	25	20
Verdigris, Okla.....	115	100	80	65	52	54	44	32	28	24
Tulsa, Okla.....	115	100	80	65	52	54	44	35	31	25
Sapulpa, Okla.....	117	100	82	68	54	56	44	35	31	25
Davenport, Okla.....	130	109	97	82	63	65	55	46	39	32
Warwick, Okla.....	130	109	97	82	63	65	55	46	39	32
Spencer, Okla.....	130	109	97	82	63	65	55	46	39	32
Oklahoma City, Okla.	130	109	97	82	63	65	55	46	39	32
Ft. Reno, Okla.....	130	109	97	84	64	65	53	45	37	29
Calumet, Okla.....	130	109	97	90	66	74	65	54	43	34
Bickford, Okla.....	130	109	97	90	68	74	65	54	43	34
Ferguson, Okla.....	130	109	97	87	68	74	63	52	41	33
Bridgeport, Okla....	132	111	98	90	69	74	65	54	43	35
Indianapolis, Okla...	138	116	104	92	72	76	67	56	45	38
Ralph, Okla.....	140	117	104	94	74	78	68	58	46	39
Elk City, Okla.....	140	117	104	96	75	79	70	58	46	39
Texola, Okla.....	140	117	105	96	75	80	70	58	47	40
Benonine, Tex.....	152	130	108	100	78	82	73	60	48	41

[1]Governed by the Western Classification.

Rates from the territory tributary to Kansas City are made on a differential adjustment over the rates established from Kansas City, there being two groups besides the Kansas City Group.

(a) Kansas City Group

Some of the more important points in the Kansas City Group are: Kansas City, Mo.; Kansas City, Kan.; St. Joseph, Mo.; Atchison, Leavenworth, Armourdale, Topeka, Hutchison, Dodge City, Kiowa, Arkansas City, and Coffeville, Kan.; Joplin, Springfield, and Sedalia, Mo.

(b) Omaha Group

Some of the more important points in the Omaha Group are: Omaha, Neb.; Council Bluffs and Pacific Junction, Iowa; Lincoln, Nebraska City, and Beatrice, Neb.; Hiawatha, Kan.; Ashland and Fremont, Neb.

(c) Sioux City Group

Some of the more important points in the Sioux City Group are: Sioux City, Aster, and Arian, Iowa; Bancroft, Neb.; Onawa, Iowa; and Oakland, Neb.

The above grouping shows but a few of the more important points located in each group. The Kansas City rates are applied from practically all points in Kansas on and south of the line of the Missouri Pacific Railway, from Kansas City, Mo., to the Colorado-Kansas state line and from points in the southwestern section of the state of Missouri.

The differential adjustment used in establishing rates from the Omaha and Sioux City groups is as follows:

Classes	1	2	3	4	5	A	B	C	D	E
Omaha Group	20	18	15	12	10	11	9	8	7	6
Sioux City Group	40	33	25	20	17	19	16	13	12	11

These differentials are to be added to the Kansas City rates in establishing through rates from these territories.

(d) Rates from Defined Territories

Although there are some exceptions, the rates from Memphis are usually made the same as the St. Louis rates, while from the Peoria, Chicago, and Minneapolis

St. Paul groups rates are made by adding the following differentials to the St. Louis rates:

Classes	1	2	3	4	5	A	B	C	D	E
Peoria Group	10	10	5	2½	2½	3¾	3¾	2½	2½	2½
Chicago Group	20	20	10	5	5	7½	7½	5	5	5
Minneapolis-St. Paul Group	25	24	13	7	6	9½	8½	6	6½	6

These differentials, as may be observed, follow very closely those used in establishing rates from the Peoria and Chicago groups to Missouri River points.

CHAPTER VIII

SUMMARY

The reasonableness of the existing rates to Texas Com Points as well as of those to the Missouri River, Color and Utah common points, has been assailed by various mercial organizations from time to time. The Inter Commerce Commission has upheld, in general, the struc upon which the adjustment rests, and in this connection following opinion rendered by that body in the case of Southwestern Shippers' Traffic Association v. the Atchi Topeka & Santa Fe Railway Company et al.,[1] dealing the rates between points in Texas and adjoining states territories, is especially instructive.

The Southwestern Shippers' Traffic Association is a voluntary ciation embracing a number of traffic organizations, which repr to a considerable extent various business interests and localiti the states of Texas, Oklahoma, Kansas, and Colorado. The gi the complaint made by that association in the two above cas which it stands as complainant is that rates from the Atlantic board through Galveston into this southwestern territory excessive.

No. 2900 attacks the reasonableness of present class and comm rates from Galveston to various interior points. The Commissi asked to establish local rates from Galveston to these points and to put into effect "proportional" rates which are less than local and which are to apply to traffic which has reached Galvesto water from the Atlantic seaboard.

In No. 2904 the rates attacked are the joint through rates es lished by the united action of the steamship and rail lines Atlantic seaboard territory through Galveston to these southwe

[1] 24 I. C. C. Rep., 570.

points. The Commission is asked to establish lower reasonable joint rates.

Upon these issues hearings were had at which a great amount of testimony was taken, briefs were filed, and the cases were finally submitted, after oral argument, in November, 1910.

The real gravamen of the complaint in these cases is that the actual cost of handling business from the Atlantic seaboard into this southwestern territory through Galveston is less than by other routes, but that carriers by virtue of their control both of the rail and the steamship lines operating through that port have refused to recognize in their rates this more favorable avenue of transportation. An important question is, therefore, whether the actual cost of transportation by this route is less.

When the Commission came to examine the record as made up by the parties in the cases as submitted, it was found that this record was almost barren of evidence as to the water portion of the service. Since the issue was one which had often been the subject of controversy, and which it was desirable to permanently and intelligently settle if possible, the Commission of its own motion reopened the cases for the purpose of further investigating this branch of the subject. Testimony as to the manner in which this freight was handled by water carriers, the rates under which it had been handled and the cost of the service, so far as that could be given, was taken in the late spring of 1911 at New York and Galveston.

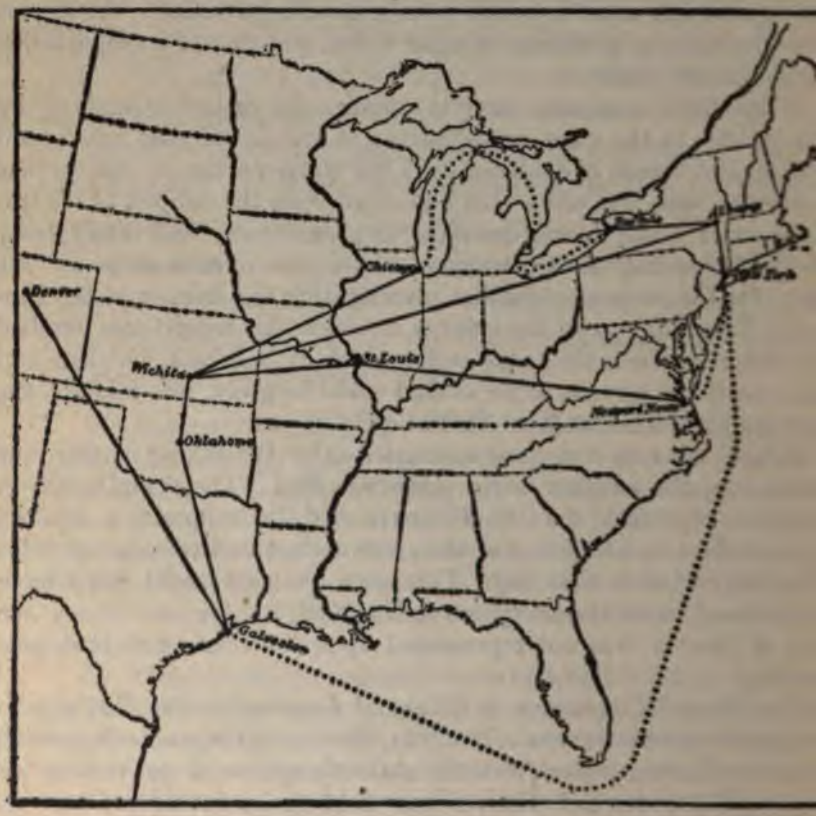
Before the case had been submitted after the taking of this new testimony, the petition in No. 4586 was filed. The complainant in that case represents the city of Denver, and the complaint is directed against the reasonableness of the present class and commodity rates from Galveston to that city. This same question might fairly have been raised under the complaint in No. 2900, but for some reason the city of Denver was not represented upon the hearing in that proceeding.

The Denver Consumers & Shippers' Association also filed a petition for leave to intervene in No. 2904, that being the proceeding which involves through rates from the Atlantic seaboard to various interior points of which Denver now asks to be considered as one. Since it was plainly in the public interest that this whole matter should be disposed of at one time, this petition for leave to intervene was granted.

Upon the filing of the complaint in No. 4586, and the petition of intervention No. 2904, certain lines leading from the Missouri River to Denver asked to intervene in both these cases for the reason that, while they did not participate in the movement of traffic from Galveston to Denver, they did handle business originating upon the

Atlantic seaboard to Colorado common points, and their assert was that the rates under which this traffic moved over their li were so intimately connected with the rates through Galveston the same destination points, that any change in the Galveston r must of necessity work a corresponding change in their rates. Up this statement, these lines, of which the Union Pacific is an examp were permitted to intervene.

No. 4586 and 2904 were now set down for further hearing at D ver, where another volume of testimony was taken. Additio



briefs were filed and the case was again orally argued before the Commission.

While, as will be seen from the foregoing statement, the matt involved are of great importance in the estimation of the parti and while an enormous record has accumulated, the issues are nev theless comparatively simple. They can be best understood by r erence to the accompanying map.

Atlantic seaboard territory, as defined in the tariffs of the defe a pends somewhat upon the point of destination. The term,

used in the schedules under consideration, embraces, roughly speaking, New England, New York, New Jersey, Delaware, Maryland, all of Pennsylvania except the western border, a large portion of West Virginia, and Virginia north of the line of the Norfolk & Western Railway. The same rate applies as a blanket from all this territory to the southwestern points under consideration. Traffic originating in this territory may be transported to these points by one of four general routes. For the purpose of clearly indicating these different routes an interior point, like Albany, N. Y., may be selected upon the east and Wichita, Kans., upon the west. Between these points the following routes are available:

1. The traffic may move all-rail. The line of movement is indicated upon the map by a straight line drawn from Albany to Wichita, and the actual movement by rail would be almost as direct as this line.

2. The traffic may move by rail from Albany to Buffalo, at the head of Lake Erie, thence by the great lakes to Chicago, and thence by rail to Wichita. The route from Albany to Buffalo, and again from Chicago to Wichita, is nearly a straight line. The water route is circuitous.

3. The third route is from Albany to New York by rail, thence by water to Norfolk, and thence by rail to Wichita. Here again the rail movement from Norfolk to Wichita is in a comparatively direct line and is indicated upon the map by a straight line.

This traffic might move by water to some other south Atlantic port like Charleston or Savannah, and from thence by rail. The rail movement, instead of being through St. Louis, might be and often is through some lower Mississippi River crossing like Memphis.

4. The last route is by rail to New York, from New York to Galveston by water, and from Galveston to Wichita by rail.

The railroads in this country were for the most part constructed from the Atlantic seaboard west. The first lines into the southwest were built from the various Mississippi River and Missouri River crossings in a westerly direction.

The lines via the great lakes and via the south Atlantic ports have been long in operation. The old lines, therefore, are 1, 2, and 3 as above described and are usually termed the east and west lines.

The line via New Orleans to a certain part of this territory is a comparatively old one; that via Galveston was the latest to be developed. Within comparatively recent years the United States government has expended large sums of money upon the port of Galveston, and that port by reason of its location and the shipping facilities which the improvement of its harbor has given it, has

become an important one. In the year 1911 it took rank in th value of its exports second only to New York.

The lines of railroad leading from Galveston north into this south western territory have also been much strengthened in recent years Their physical condition has been improved, the density of thei traffic has increased, and they have come to rank among the substan tial railroads of the country.

In view of the transportation facilities which now exist both by water and by rail, the complainants earnestly insist that the rout via Galveston into this southwestern territory is now the cheapest but that the east and west lines by securing control of the rail line leading north from Galveston, and by controlling either directly o indirectly the water lines from New York to Galveston, have pre vented the natural movement of traffic via this route by maintainin unjust and unreasonable rates.

It was pointed out by the defendants, and is undoubtedly true, tha there has always been, and must continue to be, a relation in th rates by different lines from Atlantic seaboard territory into thi southwestern country, so that any marked reduction of the transporta tion charge by one route must be met by a corresponding reductio via all other routes if they continue in the business.

It was further pointed out that most of the articles consumed in thi southwestern territory are manufactured both in the middle west an upon the Atlantic seaboard, and that any reduction in rates from th Atlantic seaboard into this territory would inevitably be followed b demands from the middle west for a similar reduction. Past expe rience shows that a reduction from the Atlantic seaboard has bee followed by a corresponding reduction from St. Louis and simila territory and vice versa. The commercial interests of St. Louis an Chicago have intervened in these proceedings and insist that whateve reduction is made from the Atlantic seaboard shall be met from thos cities.

It can not be doubted, therefore, that a material reduction in thes rates from producing points in the east to consuming points in th southwest would lead to widespread reductions and involve a ver material loss of revenue to a great number of carriers.

While, however, the fact that a reduction of the rate throug Galveston must lead to other extensive reductions is a reason wh this Commission should proceed with great caution, it is no conclusiv reason against the granting of the prayer of these complainant This territory is entitled to reasonable rates of transportation. On market of supply is the Atlantic seaboard, and one avenue of carriag from that market is through the port of Galveston. If the rate

imposed via that route by these defendant carriers are unreasonable it is our plain duty to reduce them, irrespective of the consequences to other routes or other markets.

We have, therefore, for determination this single question, Are rates from the Atlantic seaboard into this southwestern territory reasonable *per se?* And this as presented by the complainants divides itself into two other questions:

1. Are the rail rates from the port of Galveston to interior destinations reasonable?

2. Are the combined rail-and-water rates from Atlantic seaboard points to southwestern destinations reasonable?

Many points of destination are involved throughout this southwestern territory, but in answering these questions Denver, Wichita, and Oklahoma City may be selected as fairly representative.

Both class and commodity rates are involved, but in the presentation of the case reference has been made almost exclusively to the classes, and these rates only will be referred to in this discussion.

We proceed, therefore, to inquire whether class rates now in effect from Galveston to these selected points are reasonable, beginning with Denver.

The present class rates from Galveston to Denver are as follows:

Class....	1	2	3	4	5	A	B	C	D	E
Rate....	180	148	110	84	65	81	62	52	43.5	36

In 1909 the Commission, after elaborate investigation and careful consideration, established a scale of class rates from Chicago to Denver. The Denver rate applies in all these cases to Colorado common points, and distances to these various points differ somewhat. The average distance from Galveston would be approximately 1,100 miles, and the average distance from Chicago substantially the same. The conditions of transportation from Chicago to Colorado common points are somewhat more favorable and might well justify a somewhat lower rate than from Galveston. The rates established from Chicago were as follows: *Kindel* v. *N. Y., N.H. & H. R.R.*, 15 I. C.C., 555.

Class....	1	2	3	4	5	A	B	C	D	E
Rate....	180	145	110	85	67	80.5	63	54	47	40

In 1910 this Commission, again after very careful consideration, established a scale of class rates from Missouri River to Utah common points. *Commercial Club of Salt Lake City* v. *A., T. & S. F. Ry. Co.*, 19 I. C. C., 218.

The distance from the Missouri River to Utah points is approximately the same as from Galveston to Denver. The conditions of

transportation are approximately the same.
were as follows:

Class....	1	2	3	4	5	A
Rate....	190	162	142	119	98	98

From a comparison of the above three sched
the present rates from Galveston to Denver a
those fixed from Chicago to Denver and mate
established from the Missouri River to Salt La
are all of recent date and were all deliberatel
are prepared to reverse those decisions and to
lower schedules than were then found reasona
the contention of the complainants that the p
Galveston to Denver are unreasonable can no
is not.

The present class rates from Galveston to W

Class....	1	2	3	4	5	A
Rate....	147	125	104	96	75	79

In 1908 class rates from St. Louis to Texas
materially advanced and this advance was a
of the railroad commission of Texas in the i
After a most exhaustive investigation the
February, 1911, established the following sch
mission of Texas v. *A., T. & S. F. Ry. Co.*, 20

Class....	1	2	3	4	5	A
Rate....	147	125	104	96	75	79

This scale applies from St. Louis to Texas
therefore covers distances which vary greatl
trial of that case much was said as to the ave
parties did not agree, it fairly appears that the
this schedule applies would be not far from S
veston to Wichita the distance is 700 miles,
transportation are substantially identical. If
adhere to our decision in that case, it must be
ent rates from Galveston are somewhat in ex
just and reasonable. We are of the opinion t
would be reasonable and that the present rat
the extent that they exceed this schedule:

Class....	1	2	3	4	5	A	
Rate....	132	112	94	86	68	71	6

The distance from Galveston to Oklahoma C
about 550 miles; to Wichita, as just stated, 700
now in effect from Galveston to Oklahoma City

Class....	1	2	3	4	5	A	
Rate....	133	115	98	89	70	75	6

Using as the measure of a reasonable rate to Oklahoma City the schedule which we have just found reasonable to Wichita, we are of the opinion that the present class rates from Galveston to Oklahoma City are unreasonable, and that such rates for the future should not exceed the following:

Class....	1	2	3	4	5	A	B	C	D	E
Rate....	112	96	80	73	57	60	54	44	35	30

The thing for which the complainants are contending is a lower transportation charge from the Atlantic seaboard to these points of consumption. The reductions suggested to Wichita and Oklahoma City will for this purpose be of no avail to Wichita and of but little, if any, benefit to Oklahoma City. This traffic comes by water to Galveston and pays a port-to-port rate, which is not under the jurisdiction of this Commission. From Galveston it moves upon the local rate to the interior point. Now, when the local rates which we have found reasonable are combined with the port-to-port water rates which have been in effect for any considerable time in the past, the resulting rates are higher than the joint through rates which are now in effect.

The complainants realize that this must be so, and they therefore ask us to treat the haul on this business from Galveston as part of a through transportation, which it in fact is, and to apply to it from that port a rate lower than the local rate. We are asked to do this by establishing from Galveston proportional rates applicable to traffic which has reached that port from the Atlantic seaboard by water.

The defendants deny the jurisdiction of the Commission to fix a rate of this character, and they further urge that if the jurisdiction exists it ought not to be exercised under the circumstances of this case.

It is well understood that carriers voluntarily maintain so-called export and import rates to and from the various ports which are less than their domestic rates. Such rates are maintained through the port of Galveston by the rail carriers, defendants in these proceedings. The maintenance of so-called proportional rates, which differ from corresponding local rates, to and from junction points applicable to traffic which originates or goes beyond such points is very general. Rates are named from interior points to various ports on domestic business which are less than the local rates, and which differ according to the final destination of the traffic.

The Commission has recognized the propriety of such rates, to an extent at least, and has at times acted upon those rates when established by the carriers.

There is much to be said in favor of the exercise of that jurisdic in this case, if it exists. Water transportation between the Atl seaboard and Galveston has never been open to free competi In recent years this business has been largely controlled by two l of steamships which seem to have established and maintained a sc ule of rates mutually satisfactory. On several occasions indep ent boats have endeavored to break into this traffic and rates l been temporarily much depressed, but the railways have declin recognize these ships or to establish joint rates with them, and result has finally been either that the line has withdrawn from business, as in case of the Lone Star line in 1908, or been absorbe a competing line, as was the Texas City line in 1911.

The complainants assert that the benefit of water compet between the Atlantic seaboard and Galveston never can be enjo and that the fair cost of this water transportation can not be d mined unless carriers are compelled to handle this through bus to and from the port of Galveston upon equal terms as to all w carriers.

It is evident that such proportional rates if named must be fined to the traffic to which they apply by some proper syste policing. It is also evident that unless there are through arra ments for the movement of this business from the point of origi destination, involving the issuing of through bills of lading, and collection and distribution among the different carriers of the charges either at the point of origin or at destination, the rates t selves will not be of much benefit to the general public, and ma sult in discrimination in favor of those who are so situated as t able to take advantage of them

Assuming that the right to establish these proportional rates e it ought not to be exercised unless such conditions can be atta to their use as will make them nondiscriminatory and of ge advantage.

We have also considered with considerable care the amount o rate itself which we might fix. We have held that a first-class of $1.80 was reasonable from Galveston to Denver. The comp ants ask us to fix a proportional rate between these points o cents. The difference between proportional rates requested the local rates found reasonable from Galveston to Wichita Oklahoma City, while not as great in proportion as the abov nevertheless a large percentage of the local rates. When it is rem bered that in the *Burnham-Hanna-Munger case*, 14 I. C. C., 29 finally applied from the Mississippi River a rate only 5 cents low traffic coming from beyond than the local rate, it will be seen no such difference as that suggested by the complainants coul

recognized, and it is admitted by them that unless figures approximating these can be used no special benefit would be obtainable from the establishment of such rates.

It is also true, as claimed by the defendants, that substantially the same rates should apply over all lines, and that the establishment of proportional rates sufficiently low to produce any effect would result in continual fluctuation by this line.

Looking at this whole situation and having in mind particularly the rates which we must establish in justice to the rail carriers, we are of the opinion on the whole that to attempt to name proportional rates, as requested by the complainants, would not under the circumstances be a wise or proper move. These rail carriers should be required to maintain reasonable rates with all responsible steamship lines plying between the Atlantic seaboard and Galveston. They should be required to accept as their division of the through rate a reasonable sum, which may well be substantially less than their just local charges. If any steamship company is content to take as its division materially less than what is now accepted by the present steamship lines, that is a substantial reason for a reduction of the total through charge, but we are strongly of the opinion that the establishment of proportional rates would introduce a novel and untried element into this situation, that it would result in no general benefit, that it might lead to discrimination in many instances, and that upon the whole the experiment ought not to be tried.

Indeed, the complainants themselves, realizing the impossibility of obtaining proportional rates low enough to be of much avail, have devoted themselves mainly to the attempt to demonstrate that the present joint rates are unreasonable, and this is the real question for determination.

The complaint in No. 2904 puts in issue the reasonableness of the through rate from the Atlantic seaboard to points in the state of Texas; but that phase of the case has not been urged in the trial and is not considered here. Since the advent of the Texas City line port-to-port rates have been so reduced that the combination through Galveston of the port-to-port rate and the rate of the Texas commission has, in all cases, made a lower through charge than the joint through rate. No business moves, therefore, upon the joint rate, and no joint rate which this Commission would be likely to establish would be as low as the combination. Hence shippers in Texas are satisfied with the present situation, especially as long as the high rate must be paid by their competitors in Oklahoma.

We proceed to consider, therefore, the reasonableness of these through rates to points outside the state of Texas, taking, first, Wichita and examining the first-class rate, which is now $1.80.

This rate applies as a blanket from all points in Atlantic seabo territory as defined by these tariffs. This territory, it will be rem bered, is of considerable extent. Lines of railroad leading from i rior points to New York, which is the port from which all saili occur, generally have rails of their own and are always parts through routes by which this traffic could be handled directly f the point of origin to the southwest by all-rail movement. T are therefore antagonistic to the movement via Galveston and e for their service from the interior up to New York full local char The line from the Atlantic seaboard via Galveston really begin New York, and the expense of bringing this traffic up to New Y and getting it to the dock of the steamship at New York is an ou which must be borne by the Galveston line.

The defendants went into an elaborate computation with a to determine the average rail haul from the interior point to N York, reaching the conclusion that this was slightly in excess of miles. But the method employed and the conclusion reached worthless for the purpose of this discussion. Each station in Atla seaboard territory was taken and the average distance arrived at adding together the sum of the distances from each station dividing by the number of stations. A result so reached is of significance here, since the amount of traffic originating at each tion is not by any means the same.

A very large proportion of the business which seeks the w route via Galveston comes from New York itself or from that ind trial center, and pays virtually no rail transportation charge. M of it originates at comparatively nearby points. The record c tains no data from which an accurate conclusion can be drawn; b making the best estimate possible, it seems probable that the aver rail haul estimated upon all traffic, including that originating in city of New York, would be equivalent to 100 miles.

The first-class rate applicable to a haul of this distance in t territory would be about 25 cents, and it is probably just to al these defendants to charge 25 cents per 100 pounds against the pense of bringing traffic which moves under the first-class rat the city of New York.

There is in addition to this a drayage charge upon traffic reach New York by rail and perhaps a drayage absorption in case of tr originating in New York, which is fairly equivalent to anothe cents per 100 pounds on first-class business.

This freight is handled under what is known as an insured bil lading; that is, the marine insurance is paid, not by the shipper, usually the case with water-borne traffic, but by the carrier on acco of the shipper, and it was said that this would amount in cas first-class business to at least 5 cents per 100 pounds more.

These originating charges are deducted from the through rate before the division is made, and so deducting there remains to the water line from New York to Galveston and the rail line from Galveston to Wichita out of the $1.80 rate $1.45, which is divided, 35 per cent to the water line and 65 per cent to the rail line. Stating these divisions in cents, the rail line would receive 94¼ cents, the water line 50¾ cents.

We have held that a first-class rate from Galveston to Wichita of $1.32 would be reasonable. The division received by the rail carrier ought to be less than its local rate, but it can hardly be said that 94¼ cents would be an unreasonable charge for the rail part of this through service.

It remains to inquire whether the division in this case is upon a fair basis or whether the water line receives more than is justly its due, and whether, therefore, the through rate can be properly reduced by reducing the division of the water carrier.

It has already been stated that this record, as originally made up by the parties, contained almost no evidence upon the cost of water transportation or the reasonable charge for handling this business from New York to Galveston. For this reason the case was reopened by the Commission upon its own initiative and a considerable amount of testimony bearing upon that point taken. But the record even now affords no basis for a satisfactory conclusion, nor indeed is it easy to see how such a basis can be supplied.

The conditions governing water transportation are entirely unlike those pertaining to transportation by rail. The cost of operating the ship is practically the same whether it carries a full cargo or no cargo. The profitableness of this operation under a given schedule of rates would depend wholly, therefore, upon the ability of the ship to obtain a proper load. Much would depend, also, on the possibility of obtaining a loading in both directions.

We have before us the rates charged from port to port before the Texas City line began operations, and the rates in effect at the time of the hearing. The manager of the Texas City company stated that his present rates were reasonably satisfactory, although they were much less than those formerly in effect.

We are satisfied that the monopolistic conditions which have existed in this water traffic between the Atlantic seaboard and Galveston have resulted in excessive charges, but to what extent it is impossible to say.

As bearing upon the reasonableness of these through charges and of the divisions before us an attempt was made to determine the number of water miles which should be taken as equivalent to one rail mile. It was said by the defendants that the ordinary proportion was about three to one, while the complainants insisted that in

the case before us, at least, not less than seven to one would fair proportion.

This record shows that the expense of operating the ship u ocean is not great, and that the terminal or dockage expenses more serious item. It was said that of the total expenses cent were at the dock and 40 per cent upon the ocean. therefore, in determining the number of water miles which set over against a rail mile as the basis of division everythi depend upon the length of the haul. The cost of transporta mile by water is comparatively high for short distances a small for long distances.

It is also evident that much must depend upon the charact rail mileage with which the division is to be made. The cos water transportation between New York and Galveston is t whether the traffic is to be taken from New York to an interi or to Galveston, but the first-class rate for a given distan Galveston is twice that from New York.

Plainly it is impossible to determine with exactness the nu rail miles which should be charged against this water haul, the purposes of this discussion we assume that the contentio complainants is in the main correct. The total distance fro York to Galveston is slightly less than 2,200 miles, and w assumed that this distance, as compared with a rail haul of t acter of that from Galveston to either Wichita or Denver, w fairly equivalent to 350 miles.

The distance from Galveston to Wichita is 700 miles, and u basis above named the rail carrier would be entitled to two or 66⅔ per cent, of the net amount for division, which is exactly the figure used.

We must find, therefore, that the rate of $1.80 from Atlan board territory to Wichita is not excessive; and what is true first-class rate is true of the other classes.

The first-class rate from Atlantic seaboard territory to De $2.34. Deducting from this 35 cents, the gathering charge eastern end, which must be paid before the through rate is d there is left $1.99 to cover the transportation from New Y Denver.

Assuming that the water distance from New York to Galve equivalent to 350 rail miles and that the distance from Galve Denver is 1,100 miles, we have a total rail haul of 1,450 mile this rate covers.

We have just held that $1.80 from Galveston to Denver fo miles is not excessive. In the *Salt Lake case*, previously referre established as reasonable a first-class rate of $1.90 for an avera

of about 1,100 miles. In the *Reno case*, 19 I. C. C., 238, we fixed a first-class rate of $2.50 from the Missouri River to Reno, a haul of about 1,600 miles, and to Winnemucca, a distance of approximately 1,400 miles, the rate was made $2.38.

If these rates, and they were all named in cases recently decided and carefully investigated and considered, are to be taken as reasonable, then certainly we can not hold that $1.99 is excessive for a total haul of 1,450 miles over railroads of the character of those between Galveston and Denver. We are therefore constrained to hold that the rate from Atlantic seaboard territory to Denver is not unreasonable.

There remains for consideration the rate from Atlantic seaboard territory to Oklahoma City, which is the same as to Wichita—$1.80 first class.

The distance from Galveston to Oklahoma City is about 550 miles. Adding to this 350 miles for the water line from New York, there results a rail distance of 900 miles. Deducting from the through rate the gathering charge, $1.45 is left to be applied to this rail haul of this distance.

In the *Texas Commission case*, already referred to, we approved a first-class rate of $1.47 for an average distance of approximately 800 miles. In this case we have just established as reasonable a rate of $1.32 from Galveston to Wichita, a distance of 700 miles. Upon analogy with these cases in the same territory it must be held that $1.45 first class is not an excessive charge from Atlantic seaboard territory to Oklahoma City.

The hardship which the present adjustment of rates imposes upon central Oklahoma points has been strongly urged upon the attention of the Commission in this proceeding. The Texas commission establishes rates upon a mileage basis up to a certain distance beyond which the rate applies as a blanket to all Texas common points. Thus, the first-class rate from Galveston for a distance of approximately 300 miles is 87 cents and this same rate applies to the northern border of Texas, a distance of 450 miles. This gives the distributing cities in the north of Texas, which wholesale in competition with Oklahoma points, a distinctly lower rate from the Atlantic seaboard than Oklahoma enjoys, and undoubtedly results in a decided advantage to Texas jobbing centers in case of articles purchased upon the Atlantic seaboard.

But this discrimination is one which this Commission is powerless to remedy. The Texas rates are a matter of domestic concern over which we exercise no control. The so-called discrimination results not from the Texas rates, but from the fact that under the decision of the Supreme Court of the United States the shipper, by

taking possession of his traffic at Galveston,
of the water rate to Galveston and the rai
although the shipment is, in point of fact, a
If the results which flow from this holding a
gress may easily provide that a movement
fact shall not be converted into two local n
vening possession. In that case this Commi
reasonable rate to Texas points which must
ments from the Atlantic seaboard to those poi
resulting from abnormal conditions like that
dered impossible. To-day this Commission,
existence of a discrimination, can not pronou

Upon the east Oklahoma City is in comp
Fort Smith, Ark., which is alleged to enjoy ra
relative location would warrant. The carrier
to competitive conditions, but that situation
are considering here simply the reasonablene
Atlantic seaboard via Galveston.

The whole case of the complainants rests
the cost of transportation via Galveston is les
and that if this route, which is termed the
given its legitimate opportunity, lower rates
it be affirmed with confidence that the cos
from Atlantic seaboard territory is less by
example, the rail-and-lake route to Chicago?

The distance from Chicago to Denver is
Galveston to Denver. The distance from
almost exactly the same as from Galveston to
this traffic can reach Chicago from Atlantic
low a transportation charge as Galveston, t
why the rate through Galveston should be lo
rail rate through Chicago.

We have already seen that the cost of delive
tic seaboard territory upon the dock at New
taken by the steamship to Galveston, is eq
of 100 miles plus a drayage charge. The
this same territory to Buffalo would be prob
Buffalo to Chicago the distance by water is a
When the greater competition from these po
and water as well as by all-rail lines is consid
that the rate on the average from Atlantic
Galveston should be less than that to Chicago

Let this situation be restated. It costs the
per 100 pounds upon the average to concent

board territory first-class freight upon the dock at New York. There is a further charge for marine insurance, which is borne by the carrier, but which, in comparing the Galveston rate with the Chicago rate, may be disregarded, since the rail-and-water rate to Chicago also carries with it at the present time an item of marine insurance.

We have held that the water haul from New York to Galveston may be fairly equivalent to a rail haul for 350 miles in southwestern territory. The Texas commission names a first-class rate of 80 cents for 245 miles, and the Commission has approved this as reasonable in the *Shreveport case*, 23 I. C. C., 31. We have just found that $1.12 is a just rate for 550 miles from Galveston to Oklahoma City. In the *Cincinnati case*, 18 I. C. C., 440, the Commission established as reasonable a first-class rate of 70 cents for a distance of 336 miles from Cincinnati to Chattanooga, and this rate, as stated in that opinion, is below the ordinary rate in southern territory for a corresponding number of miles. We could not, certainly, establish for a distance of 350 miles with any consistency a first-class rate of less than 70 cents.

But suppose, instead of taking this rate, we take the low competitive rate in effect at one time via the Texas City line, which was 50 cents, and add to that the gathering charge of 30 cents. The result would be a first-class rate of 80 cents from Atlantic seaboard territory to Galveston, while the rate now in effect from New York to Chicago via rail and water is 62 cents, and the average rate from Atlantic seaboard territory would not probably differ much from that figure.

The complainants have suggested that we ought to establish a rate from New York City lower than from the remainder of Atlantic seaboard territory and that we should compel rail lines leading from various points in that territory to New York to join in through rates from the point of origin.

It is somewhat doubtful whether the commission has jurisdiction to do this even though the complaint was so framed as to cover the making of such an order. The statute requires us to give carriers the benefit of the long haul in establishing joint rates. Could we, for example, taking Albany again as a point of departure, establish via the New York Central, through New York to Wichita, a joint through rate, thereby depriving the New York Central of the longer haul on this business, either rail-and-lake or all-rail?

But, assuming that we might do this, the net result could only be a comparatively slight reduction in rates as at present constructed, namely, the difference between the local rates of originating lines to New York City and a fair division of the through rate to those lines. The carriers protested against any change in the present

blanket system and the complainants did
as one means of possibly forcing lower rate

Great stress is laid by the complainants
leading from the south Atlantic ports acce
the Mississippi River the low divisions whic
many of these lines are no stronger than lin
to Wichita and to Denver, and we are aske
these latter lines the same amounts per mil
rail lines accept.

This argument overlooks the fact that
Atlantic ports is strictly competitive. It i
to Chicago, whether it be by rail, by rail-a
which fixes the charge from New York th
port to the Mississippi River. That rate m
rate or business will not move via that ro
not be said to be voluntary and ought not
of comparison.

It was said that owing to the disadvanta
in length of time, etc., a differential sh
route; but this is a matter in which the
interest. They are satisfied with the serv
ports, which is better than that via Galve
that the purpose of this proceeding is to s
they believe they are entitled by the Gul
consider the question of differentials. We
rates from Atlantic seaboard territory to
are not unreasonable.

No reference has been made to many of t
and the arguments adduced in the course
fundamental contention has been stated,
after the most patient investigation we are

The complaints numbered 2904 and 45
order will be entered in No. 2900 establ
Wichita and Oklahoma City the class rate

The illustrations given of the existing rates in Western Territory show that the rates as a whole are higher than those of the territories east of the Mississippi River. As the tendency of freight rates is downward, it is quite reasonable to anticipate that as this portion of the country is developed through the vast irrigation projects and by the colonization of what is now arid territory, the increase in the volume of traffic will force the level of the current rates to a scale which will compare quite favorably with that in other sections of the country.

In the preceding chapters an outline of the more important rate adjustments has been given. It should be borne in mind, however, that there are many cases where the general basis must be disregarded and individual rates established without regard to the general adjustments. This is very effectively illustrated by the following remarks of Mr. R. S. Lovett, made before the Railroad Securities Commission in 1910. Mr. Lovett was Chairman of the Executive Committee of the Union Pacific Railroad at the time he delivered this address.

I have been rather intimately connected with the management of railroads for over twenty-five years. * * * If you ask me to state all the factors that entered into, and that still enter into, the making of rates, it is impossible for me to do so. They are as innumerable as the transactions in the commercial and business life of the nation. They grew out of the needs of each community, each station, each industry, each commodity, and each individual; and as the needs of one of these were met the rate resulting would often, and I may say generally, affect a different community and different individuals in such other community, and require the readjustment of the rate there; and so on almost without limit. Out of such considerations as these the present system of rates grew. * * * Such changes in rate schedules must be made from time to time; and the method of making

them must be very flexible, so as to respond to the ne requirements of business in each community and in eac try, if our commercial, industrial, and agricultural deve is to continue naturally.

Scarcely a day passes but that some complaint with the Interstate Commerce Commission or w various state commissions, questioning the reas ness of rates long existing.

Especially has this been true in recent years 1907), many axes having been ground for the ca rates. The question of reasonable and unreasonabl involves so many factors that it is impossible to them at this time. Suffice it to say that it must be proved that the rates complained of result in the ment of the advantages to which a locality, indivic commodity is naturally entitled.

1. Proposed Changes in the Interstate Rat Adjustment

Following the issuance of tariffs by the Official fication Territory lines publishing the advanced sanctioned by the Interstate Commerce Comm the southwestern lines proposed to increase the applying to and from that territory to the exte the increase affected the rates or proportions of t to or from Official Classification Territory gatew

In the division of these rates it is customary southwestern lines to allow their eastern connecti local rate applying to or from St. Louis or othe ways) as their proportion; consequently, when th was advanced, the remaining proportion accruing southwestern lines was still further diminished.

As an illustration we will say that on first-class freight originating in Cincinnati Territory, from which the through rate is $1.67 per 100 pounds, and moving from a point from which the former rate was 40 cents to St. Louis, this rate would be divided as follows:

Lines to St. Louis	40 cents
Lines beyond	127 cents
Through rate	167 cents

When the rate to St. Louis was increased to the extent of 5 per cent, it made the proportion of the eastern lines 42 cents and reduced the proportion of the lines beyond St. Louis to 125 cents. Accordingly it was proposed that in such case a specific rate should be established from each point of origin where this condition obtained and that the class and commodity rates should be advanced to a degree that would preserve the then existing proportions accruing to the western lines.

As the entire Common Point adjustment of rates hinges on the intrastate adjustment, and as this is undergoing a thorough investigation by the Texas Commission, who are taking evidence from the commercial and transportation interests of the state, nothing can be definitely determined until this troublesome situation has been disposed of. It has been thought desirable to postpone the readjustment of the revenue accruing to the Eastern Lines until the Texas intrastate rates are finally adjusted.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent to the University.

1. What is the rate structure in the Territory of the Sou western Tariff Committee partially the result of?
2. What is and has been the policy of the State Railr Commission of Texas?
3. What other system of rate-making in the United St resembles the system employed in Texas?
4. Into what territorial divisions is the State of Te divided?
5. What are the rates for Common Point Territory?
6. In what way does this system of rate-making ens jobbing centers to compete with each other?
7. How does it affect competition between points within state and those in adjoining territories?
8. Why cannot rates made on the distance principle st the test of competition?
9. What are the principles of competition in this territo
10. How is the degree of competition between markets production expressed?
11. What has the Interstate Commerce Commission to relative to differentials?
12. What is direct market competition?
13. Give an illustration of the indirect competition betw transportation routes.
14. What kind of competition exists between carriers?
15. Name five cities that are located in Texas Common Po Territory.
16. Who promulgates the Texas intrastate class rates? Co modity rates?
17. How are the distances between points within the State Texas ascertained?
18. When may a combination of local distances be employ
19. How are joint rates constructed?
20. Are specific rates from point to point authorized by State Railroad Commission?
21. How are rates on the Chicago, Rock Island & Gulf R way constructed?

22. Where is Differential Territory located?

23. What is the basis for the construction of rates between points in Texas Common Point Territory and points in Texas Differential Territory? Give an illustration of the application of this basis.

24. Are exceptions made to the general basis?

25. Is the long-and-short-haul clause strictly adhered to?

26. On what general kind of commodities does the State of Texas authorize commodity rates?

27. How are joint rates on shipments of stock cattle constructed?

28. What are the minimum weights on shipments of horses, mules, etc., when shipped in cars 36 feet in length? When they are shipped in cars in excess of 40 feet in length?

29. What is the general application of the rate prescribed on live stock?

30. How is a "stable car" defined?

31. Enumerate several exceptions to the application of the general basis for rates.

32. What is the rule relative to basis for charges on mixed carload shipments of live stock?

33. Has the trend of the St. Louis-Texas Common Point rates been upward or downward?

34. What rates to other parts of the country does the Interstate Commerce Commission say furnish some guide as to what are proper class rates to Texas Common Points?

35. What are the defined territories? Name a principal point in each one of them.

36. Define the differential adjustment.

37. Do the differentials from any one of the defined territories fluctuate?

38. Is the basis for the construction of southbound rates the same as that employed for the construction of northbound rates?

39. How are class rates from Texas Common Points to Utah Common Points constructed?

40. How are rates from Texas points to Central Freight Association points constructed?

41. How would a rate from Pittsburgh-Buffalo Territory to a point in Texas Differential Territory be constructed?

42. Via what route does the bulk of the traffic originating in Trunk Line and New England territories move into the State of Texas?

43. How are established lines defined?

44. Would you say the business from this territory is highly competitive? Why?

45. How does the service of the Gulf lines compare w that of the railroads?

46. To what territories do the water lines compete with all-rail routes?

47. Define the jurisdiction of the Interstate Commerce C mission over the traffic of the water carriers.

48. How do the water rates from New York to Galves compare with the all-rail rates?

49. What section of the country would you say enjoye great advantage because of the service afforded by the w routes?

50. How are the water-and-rail rates to interior points in State of Texas constructed?

51. How are rates from interior seaboard points and Atla Seaboard territories constructed?

52. How far west may shippers avail themselves of the s ice via New York?

53. Give an example of the construction of rates from interior point in Seaboard Territory to a point in Texas Com Point Territory.

54. How are rates from Atlantic Seaboard Territory points in Texas Differential Territory constructed?

55. What is the basis employed in the construction of c modity rates via these routes?

56. By whom are intrastate rates in the State of Arka prescribed?

57. Comparing these rates with those prescribed by Railroad Commission of Texas, do they show any points similarity?

58. What is the basis for the construction of joint r over two lines?

59. Is the same basis employed in constructing rates three or more lines?

60. What other system of rate-making does that emplo in constructing interstate rates resemble?

61. What are the more important basing points?

62. Enumerate several of the more important Arka Junction Points.

63. On traffic moving from the east, what basing point en the most favorable location?

64. What is the method employed in establishing inters rates to local points within the State of Arkansas?

65. Does the grouping of defined territories on traffic tined to points in Arkansas resemble that employed in adjustment of rates to Texas?

66. How are all-rail rates from points in Seaboard Territory to Arkansas Common Points constructed?

67. Are differentials conceded the lines via South Atlantic and Gulf ports? How are the rates established?

68. Who prescribes the intrastate rates applicable on Oklahoma traffic?

69. What is the Class-B rate from Kansas City, Mo., to Tulsa, Okla.?

70. How do the rates prescribed by the Corporation Commission of the State of Oklahoma compare with those prescribed by the State Railroad Commission of Texas?

71. What is the basis for the construction of joint rates applying within the State of Oklahoma?

72. Has the order of the commission of Oklahoma been complied with by carriers? If so, under what circumstances?

73. On traffic destined to points within the State of Oklahoma, what jobbing centers have the advantage of location?

74. What are the more important points in the Kansas City Group?

75. Has the adjustment employed in Southwestern Territory been a subject of complaint?

76. How may traffic from the eastern sections of the United States move to points in Southwestern Territory?

77. What is the most recent route to be developed?

78. What is said relative to the physical condition of the lines leading west from Galveston?

79. If rates from New York via the water line are reduced, does a similar reduction from St. Louis follow?

80. Explain the absorption principle employed by the water lines in attracting traffic to their route in Seaboard Territory.

81. Are the rates to interstate points insured or uninsured?

82. What is said in regard to the cost of insurance?

83. Is the competition between the water carriers serving the Gulf and Atlantic ports bona fide?

84. In regard to the division of the revenue, what ratio is employed relative to the water haul as contrasted with the land haul?

85. As to water navigation, how are the expenses of operation divided?

86. What is the total distance from New York to Galveston?

87. Assuming the movement to be from New York to Wichita, on what basis would the revenue be divided between the water lines and the rail lines?

88. What was the Commission's conclusion?

89. What is said with reference to the tendency of fr
rates in this section of the country?

90. May the reasonableness of a rate between any two p
be gauged by the general basis employed in the territory
whole?

91. What does Mr. Lovett say as to the considerations
have led up to our present rate system?

92. Why must rate-making methods be flexible?

93. What change in southwestern rates have been pro
to provide additional revenue to carriers in Official Clas
tion Territory?

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